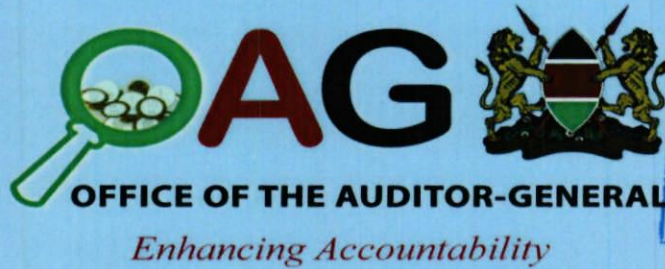


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# REPORT

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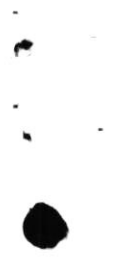
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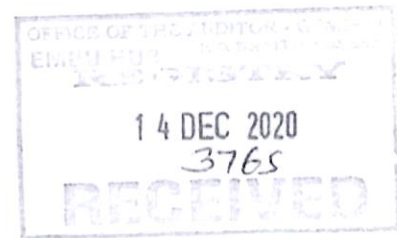
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**KIRINYAGA COUNTY EXECUTIVE  
ALCOHOLIC DRINKS AND SUBSTANCE  
ABUSE CONTROL FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2020**





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**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS &  
SUBSTANCE ABUSE CONTROL FUND (ADSACF)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2020**

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



**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

Alcoholic Fund is established by and derives its authority and accountability from Public Finance Management Act 2012.). The Fund is wholly owned by the County Government of Kirinyaga and is domiciled in Kenya.

The fund's objective is to ensure the Directorate carry out its functions as stipulated in section 4 of Kirinyaga Alcoholic Control 2014 as follows.

- (i) Facilitate and support the principle fight against alcoholic drug and abuse in the County.
- (ii) The funds also assist in the operation of the Sub-County committee and the department.
- (iii) Subject to provisions of the Act and any other law relating to public funds, the County Executive Member may from time to time, set general guidelines, conditions and requirements for the management of the Fund according to the Act, including-
  - (a) The rules and procedures related to the disbursement and management of Funds
  - (b) The funding needed to support the objectives of the fund.

**Source of Funds**

The fund shall consist of any monies accruing to, donated, rent or received by the fund from any other sources.

**b) Principal Activities**

The principal activity of the fund is to support and facilitate Sub-County committee in carrying out public/citizen participation.

-Educate youth/County residents on issues relating to Alcoholic drug and substance abuse "Public Education Training".

-Facilitate the department to carry out research relating to drug use, Alcohol use and substance abuse.

-Set up a rehabilitation centre in the County and facilitate the treatments and rehabilitation services are offered to persons dependent on Alcohol drugs and substance abuse use.

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**c) Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1		
2	N/A	N/A
3		
4		
5		

**d) Key Management**

Ref	Name	Position
1	Mr.Denis Muciimi	C.E.C.M
2	Mr.Johnson Waweru	C.O
3	Mr.Samuel Muriithi	Directorate
4	M/S Martha Wachira	Programme Officer
5		

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**e) Registered Offices**  
Kirinyaga County  
Department of Finance and Economic  
County Headquarters Building, Ground Floor  
P.O. BOX 260  
Kutus Kenya

**f) Fund Contacts**  
Telephone: (254) 720380870  
E-mail: Kirinyaga.go.ke  
Website: www.kirinyaga.go.ke

**g) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Co-operative Bank  
P.O. BOX 635-10300  
KERUGOYA

**h) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
G.P.O. 00100  
Nairobi, Kenya

**i) Principal Legal Adviser**

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



**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)  
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For the year ended June 30, 2020**

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**2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)**

Name	Details of qualifications and experience
1. Insert each Trustee's passport-size photo and name	Provide a concise description of each Trustee's date of birth, key academic and professional qualifications and work experience.  Indicate whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable.
2. Trustee 2	N/A
3. Trustee 3	N/A
4. Trustee 4	N/A
5. Etc.	N/A

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

---

**3. STATEMENT OF PERFORMANCE AGAINST KIRINYAGA COUNTY  
EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE CONTROL FUND  
(ADSACF) PREDETERMINED OBJECTIVES**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Kirinyaga County Executive Alcoholic Drinks & Substance Abuse Control Fund (ADSACF). 2018-2022 plans are to:

**a) NOT APPLICABLE SINCE THE FUND DOESNT RECEIVE ANY  
GOVERNMENT FUNDING.**

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**4. REPORT OF THE FUND ADMINISTRATOR**

The Alcoholic drinks control Fund was established to perform among others carrying out the functions of the directorate which are broad, and assisting in the operations of the Sub County Committees.

However the Fund is usually allocated very little money despite efforts of the administrator and the management to cover in the County Assembly to increase the allocation.

It is important to note that the fund's highest allocation was 4.5 Million in the financial year 2015/2016.

The fund's regulation stipulate that the fund should be allocated 60% of the revenue collected which has never been executed. The fund receives less than 10% in all the financial years.

The low allocation has hindered the operation of the Sub County advisory Committee and other vital functions like establishment of rehabilitation centres in the Country.

The allowances of the Committee are yet to be harmonised by SRC because the committee indicated the money set aside for the allowances of the members is too little hence the members of the Committee are paid lunches other than sitting allowance. The fund has however conducted various trainings and sensitization activities with the minimal funds available. These activities include secondary school based sensitization programmes on drugs, youth meetings and seminars etc.

The fund management is however determined to ensure that the fund is adequately funded by making the necessary changes in the Alcoholic drinks control fund regulation 2015.

Further the fund management will engage the County Assembly Committee in charge of department with an aim of conveying clear information regarding the functions of the fund with an aim of having more allocation for the fund.

**CONCLUSION**

The Fund has great potential to provide services to the wananchi hence this can only be achieved if adequate funding is provided.

Signed:  \_\_\_\_\_

**SAMUEL MURIITHI**

**FUND ADMINISTRATOR**







**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE CONTROL FUND (ADSACF)**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**MANAGEMENT TEAM**

<b>NAME /PHOTO</b>	<b>DETAILS OF ACADEMIC QUALIFICATION AND EXPERIENCE</b>
 <b>Mr. Dennis Muciimi Gichobi</b>	<b>County executive committee Member- Sports, Culture and Social services</b> Date of Birth- 12/12/1989 <b>Academic Qualification</b> Bachelor of Finance & Banking Over 7 years of experience
 <b>Mr. Johnson Waweru Ndege</b>	<b>Chief Officer-Sports, Culture and Social services</b> Date of Birth- 22/05/1984 <b>Academic Qualification</b> PHD(Finance)-ongoing Masters in Finance (MBA) Bachelor of Business Administration and IT CPA (K) 10 years of experience in Finance and Accounting
 <b>Mr. Samuel Mwangi Muriithi</b>	<b>Director-Alcoholic, Drinks &amp; Culture</b> Date of Birth- 08/01/1974 <b>Academic Qualification</b> Bachelor of Arts Over 15 years of experience
 <b>Miss. Martha Wakuthii Wachira</b>	<b>Programme Officer Alcoholic, Drinks Control</b> Date of Birth- 10/10/1988 <b>Academic Qualification</b> Bachelor of Science in Public Health 7 years of experience

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)  
Reports and Financial Statements  
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**5. CORPORATE GOVERNANCE STATEMENT**

Pursuant to Kirinyaga County Alcoholic Drinks Control Act 2014, department is mandated to facilitate and support all the Committee/boards constituted as per the Acts. Subsequently the acts outline the four board/committee as follows;

**(i) BOARDS**

County Liquor Licensing Committee comprises of four members which include;

- a) County Commissioner
- b) County Public Health Person
- c) County Police Commander
- d) Chairperson
- e) Sub-County Administrator-two members of the County Executive members
- f) C.E.C Trade
- g) C.E.C Sports Culture and Social Services
- h) One representative from the County Chamber of Commerce
- i) 2 ex-official
- j) A youth
- k) Person with disability
- l) The secretary Directorate

**APPOINTMENTS**

The Chairman of the board and the two ex official members are appointed by Her Excellency the Governor or in her absence the Deputy Governor and approved by the County Assembly of Kirinyaga.

**BOARD MEETINGS/ATTENDANCE**

The county Liquor Licensing Committee should hold a maximum of 14 meetings annually. However during 2019/2020 financial year the board held a total of 9 meetings in the year ended 30<sup>th</sup> June 2020.

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

**Reports and Financial Statements  
For the year ended June 30, 2020**

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**FUNCTIONS OF THE BOARD**

- (i) To issue License (Liquor License in accordance to Kirinyaga Alcoholic drink control.
- (ii) Carry out inspections
- (iii) Ensure there is effective participation by the citizens in matters pertaining to Alcohol, drug and substance abuse.

**ADVISORY COMMITTEES**

The sub county liquor advisory committee is under the county licensing committee.

It consists of six members in each

- (i) The sub county Administrator-Chair
- (ii) The Secretary-Directorate
- (iii) Sub-County Police Commander
- (iv) Sub-County Public Health
- (v) Sub-County Administrative Police
- (vi) Sub County representative and chamber of commerce.



**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**6. MANAGEMENT DISCUSSION AND ANALYSIS**

I have the pleasure of presenting the amended annual Alcoholic Fund financial report of the County Government of Kirinyaga for the year ended 30<sup>th</sup> June 2020. These annual financial reports have been prepared in accordance with Generally Accepted Accounting Principles (GAAPs), the International Accounting Standards (IAS), the International Public Sector Accounting Standards (IPSAS) accrual basis, and Section 163 of the Public Finance Management Act, 2012.

Kirinyaga County Alcoholic Drinks Fund was established by an Act of Kirinyaga County Assembly on April 2014. This Act is in compliance with the provisions of Public Finance Management Act (Cap 412). The Director Alcoholic Drinks is the administrator of this fund.

The approved budget for 2019/2020 financial year was kshs. **3,084,000**. The rate of absorption was 89.6% of the fund mainly on general administration, payments of alcoholic committee allowances and sensitization of the general public on alcohol abuse.

The County endeavoured to utilise Public Finance Management procedures and regulations, which included; Procurement and Disposals Act, Public Finance Management Act, 2012 just to mention a few to ensure optimal utilisation of the County Resources and achieve value for money as enshrined in the Constitution of Kenya 2010.

In the Financial Year under review, the County was faced by various challenges. They include;

- The delay in disbursements of funds to County Governments by the National Government has persisted since inception. The County Government therefore had limited resources, hurting timely implementation of the budget during the period under review.

In Conclusion, I am grateful to the County Governor, Deputy Governor, County Executive committee members, Departmental heads for the support they have given to me and the staff of my department during the year. I would also like to thank the officers from the National Treasury, the Office of the Controller of Budget, the Commission on Revenue Allocation and Kenya National Audit Office for the advice and guidance.



**Mr. DENNIS MUCIIMI  
C.E.C: SPORTS, CULTURE AND SOCIAL SERVICES  
COUNTY GOVERNMENT OF KIRINYAGA.**

**7. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The Fund shall carry out public Education on Alcoholic drinks control in the County directly and in collaboration with other public or private bodies and institutions.

Facilitate citizen participation in matters relating to Alcoholic drinks control in accordance to the framework for citizen participation established under the county government Act.

Facilitate and promote in collaboration with other Counties and National Government institutions the establishment of treatment and rehabilitation facilities and programmes.

The fund shall carry out research directly or in collaboration with other institutions and serve as the repository of data and statistics related to Alcoholic drinks control

**1. Sustainability strategy and profile -**

*The department is headed by the C.E.C member; there is the Chief officer, the Director and other staff who work along with the Chairman who is politically elected. The sustainability priority is well catered for and the department is a going concern.*

**2. Environmental performance**

The department has not developed the environmental policy. This is due to the fact that most of the activities and programmes haven't taken off due to non-funding. The activities take off will definitely inform the department of the need to develop a policy based on the impact of the department product and activities.

**3. Employee welfare**

The department doesn't hire directly but through the public service board which follows the public policy and other statutory requirements as outlined in the constitution regarding hiring of employees including gender ratio. The department however facilitates officers to attend seminars and trainings to improve their skills. The department through the County is in partnership with Kenya School of Government to train and impact skills on need basis for the staff members.

**4. Market place practices-**

*The Directorate enforces best market practices by inviting all stakeholders in public participation and meetings to ensure all their views are taken into consideration. The department has also contract with the competition Authority of Kenya who also advise on the competition requirement as required by law. The department is also in contact with the EACC to ensure fairness in the dealings of the activities mandated. The department does all the procurement through the procurement department as presented in the public procurement Act, This ensures fairness and good business practises and treatment of suppliers by ensuring honouring of contracts and respecting payment practices.*



**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**5. Community Engagements-**

During 2019/2020 the department did not engage in CSR due to lack of funds. However the fund has previously funded/facilitated community sports tournament where uniforms, banners bear the ADA message. Our staff members are also facilitated to attend such activities with an aim of promoting the community awareness on ADA through sports and training of segment of the community especially the youth.

The department has guidance and counselling programmes the public secondary schools. However due to an availability of funds and the emergence of (COVID-19)awareness meetings in all sub-counties to enlighten the general public on the measures taken to combat (COVID-19)and the impact of the measures on Alcohol business.



**NAIRNYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

**Reports and Financial Statements  
For the year ended June 30, 2020**

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**8. REPORT OF THE TRUSTEES**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are to support and facilitate Sub-County Committee in carrying out Public/Citizen participation.

**Results**

The results of the Fund for the year ended June 30, 2020 are set out on page 7.

**Trustees**

The members of the Board of Trustees who served during the year are shown on page 9). There were no changes in the Board during the financial year.

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. Thus the office of the Auditor General carried out the Audit exercise for the year 30<sup>th</sup> June 2020 and other subsequent years.

By Order of the Board



Member of the Board

Date: \_\_\_\_\_

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

**Reports and Financial Statements  
For the year ended June 30, 2020**

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**9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by an Act of Kirinyaga County Assembly on April 2014. Shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund 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 Fund's financial statements were approved by the Board on 30<sup>th</sup> September 2020 and signed on its behalf by:

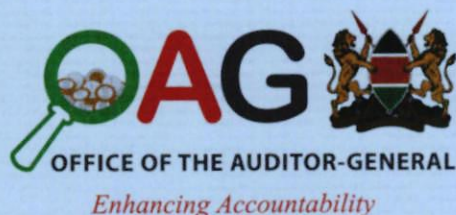


Administrator of the County Public Fund



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS AND SUBSTANCE ABUSE CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of Kirinyaga County Executive Alcoholic Drinks and Substance Abuse Control Fund set out on pages 16 to 50, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kirinyaga County Executive Alcoholic Drinks and Substance Abuse Control Fund as at 30 June, 2020, 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 do not comply with County Government Act, 2012, Public Finance Management Act, 2012 and Kirinyaga County Alcoholic Drinks Control Act, 2015.

#### Basis for Adverse Opinion

##### 1.0 Accuracy of the Financial Statements

##### 1.1 Inaccuracies in Opening Balances

The financial statements for the year ended 30 June, 2020 reflect various comparative balances in respect to 2018/2019 financial year on various items resulting to unreconciled and unexplained variances as shown below: -



Description	Balance as per 2019/2020 financial statement (Kshs)	Balance as per 2018/2019 financial statement (Kshs)	Variance (Kshs)
General Expenses	2,548,883	2,555,246	(6,363)
Surplus/deficit	(164,883)	(171,246)	6,363
Cash and Cash Equivalents	14,468	0	14,468
Net assets	14,468	0	14,468
Revolving fund	0	179,350	(179,350)
Accumulated surplus	(164,883)	(171,246)	6,363
Total net assets & liabilities	14,468	8,140	6,328
Reserves	179,350	0	179,350
Net Cashflow from operating activities.	(164,883)	(171,246)	6,363
Cash and Cash equivalents as at 30 June, 2019	14,468	8,140	6,328
Note 2 – Transfer from County Government	3,084,000	2,384,000	700,000
Note 8 – General Expenses	2,548,883	2,555,246	(6,363)
Note 11- Cash and cash equivalents (others)	14,468	0	14,468
Note 11 - Cash and cash equivalents (cash in hand)	179,350	0	179,350
Note 24 Surplus/Surplus for the year before tax	(164,883)	0	(164,883)
Surplus/ Deficit for 2018/2019	(164,883)	(171,246)	6,363
Balance as at 1 July, 2019	0	8,141	(8,141)



In the circumstances, the accuracy of the comparative balances in the Fund's financial statements could not be confirmed.

## 1.2 Variances Between the Financial Statements and the Trial Balance

The financial statements for the year ended 30 June, 2020 reflects balances relating to various items which are in variance with the trial balance as shown below: -

Description	Financial Statements 2019/2020 (Kshs)	Trial Balance (Kshs)	Variance (Kshs)
Transfer from County Government	3,084,000	-	3,084,000
General Expenses	2,761,762	2,752,733	9,029
Bank Charges	-	9,029	(9,029)
Cash and Cash Equivalents	322,238	-	322,238
Accounts Payable	-	3,084,000	(3,084,000)

In the circumstances, the accuracy of the financial statements could not be confirmed.

## 1.3 Accuracy of the Statement of Cash Flows

The statement of cash flows for the year ended 30 June, 2020 reflects nil balance in respect to cash and cash equivalents as at 1 July, 2019. However, the 2018/2019 statement of financial position reflects Kshs.14,467 on the same balance resulting to unexplained variance of the same amount.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

## 2.0 Cash and Cash Equivalents

Note 11 to the financial statement reflects Kshs.322,238 in respect to cash and cash equivalents as at 30 June, 2020. The bank reconciliation as at 30 June, 2020 reflects Kshs.561,379 in respect to un-presented cheques which includes Kshs.2,579 in respect to a stale cheque which had not been replaced or reversed in the cash book and therefore understating the cash book balance by the same amount. Further, receipts in bank statement not recorded in the cashbook totaling to Kshs.4,000 did not have the supporting details including dates and source of the receipts.

In the circumstances, the accuracy and completeness of the Kshs.322,238 balance of cash and cash equivalents could not be confirmed.

## 3.0 Unaccounted for Expenditure on General Expenses

Note 8 to the financial statements reflects Kshs.2,761,762 in respect to general expenses for the year ended 30 June, 2020. Included in the Kshs.2,761,762 is Kshs.2,054,650 whose supporting documents including signed attendance registers, approved rates of

payments, invitation letters to meetings, agendas of the meeting, daily itinerary of the activities, back to office reports, work tickets, evidence of travel to and from training venues, training needs assessment report, details of how the facilitators were identified were not provided for audit review.

In the circumstances, the accuracy and propriety of the Kshs.2,054,650 incurred in general expenses could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kirinyaga County Executive Alcoholic Drinks and Substance Abuse Control Fund 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 adverse 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.

### **Other Matter**

#### **Budgetary Control and Performance**

The Fund's statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects a budgeted expenditure of Kshs.3,084,000 and actual expenditure of Kshs.2,761,762 resulting to an under-expenditure of Kshs.322,238 or 10%.

The budget under expenditure represents services planned for but not delivered to the residents of the Kirinyaga County.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Adverse Opinion sections of my report, based on the audit procedures performed, I confirm that, public resources have not been applied lawfully and in an effective way.

### **Basis of Conclusion**

#### **1.0 Presentation of Financial Statements**

The Fund's financial statements are not well aligned with the relevant notes as shown below: -



Note	Details in the statement of financial performance/ statement of financial position	Details in the actual notes to the financial statements.
7	General Expenses	Staff Costs
8	Finance Costs	General Expenses
9	Gain /Loss on disposal of assets	Finance costs
10	Cash and cash equivalents	Gain / (Loss) on disposal of assets
11	Current portion of long-term receivables from exchange transactions and long term receivables from exchange transactions.	Cash and cash equivalents
12	Prepayments	Receivables from exchange transactions
13	Inventories	Revenue from exchange transactions
14	Property, plant and equipment	Prepayments
15	Intangible assets	Inventories
16	Trade & Other payables from exchange transactions	Property, Plant and Equipment
17	Provisions	Intangible assets
18	Current portion of borrowings and long-term portion of borrowings	Trade & Payables from exchange transactions.
19	Non-current employee benefits obligations	Provisions

In the circumstances, the Fund's financial statements are not prepared in accordance with the IPSAS and PSASB prescribed format.

## 2.0 Failure to Submit Financial Statements

As previously reported, according to the Kirinyaga County Alcoholic Drinks Control Act, 2014 and related Regulations 2015, the Fund was established in 2014. However, the Fund administrator has to date, not submitted for audit the financial statements for the financial year 2014/2015 contrary to Section 167 of the Public Finance Management Act, 2012 which states that "the administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board" and Section 7(3)(c) of the Alcoholic Drinks Control Act, 2014 which require preparation and forwarding to the chief officer books of accounts and other books for onward transmission to the Auditor-General in respect of each financial year and within three (3) months after the end of the financial year in accordance with the Public Audit Act and in such details as the county treasury may from time to time direct.

The Management has not provided an explanation for the persistent 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 complying, 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, because of the significance of the matters discussed in the Basis of Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's reporting process, reviewing the effectiveness of how the entity 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 with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements comply with the authorities that govern them 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 noncompliance. 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 Fund's 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 Fund'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 Fund 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 Fund 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.

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**11 February, 2022**

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)  
Reports and Financial Statements  
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**11. FINANCIAL STATEMENTS**

**11.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30<sup>th</sup> JUNE 2020**

	Note	2019/2020 KShs	2018/2019 KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	3,084,000	2,384,000
Fines, penalties and other levies	3	-	-
		<b>3,084,000</b>	<b>2,384,000</b>
<b>Revenue from exchange transactions</b>			
Interest income	4	-	-
Other income	5	-	-
<b>Total revenue</b>			
<b>Expenses</b>			
Fund administration expenses	6		-
General expenses	7	2,761,762	2,548,882.50
Finance costs	8		-
		<b>2,761,762</b>	<b>2,548,882.50</b>
<b>Total expenses</b>			
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9		
<b>Surplus/( deficit) for the period</b>		<b>322,238</b>	<b>(164,882.50)</b>



**NAKINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

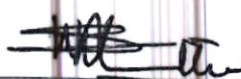
**Reports and Financial Statements**

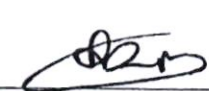
**For the year ended June 30, 2020**

**11.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	2019/2020 KShs	2018/2019 KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	322,238	14,467.50
Current portion of long- term receivables from exchange transactions	11	-	-
Prepayments	12	-	-
Inventories	13	-	-
		<b>322,238</b>	<b>14,467.50</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	-	-
Intangible assets	15	-	-
Long term receivables from exchange transactions	11	-	-
		<b>322,238</b>	<b>14,467.50</b>
<b>Total assets</b>		<b>322,238</b>	<b>14,467.50</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	16	-	-
Provisions	17	-	-
Current portion of borrowings	18	-	-
Employee benefit obligations	19	-	-
		-	-
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	19	-	-
Long term portion of borrowings	18	-	-
<b>Total liabilities</b>		-	-
<b>Net assets</b>		<b>322,238</b>	<b>14,467.50</b>
Revolving Fund		-	0
Reserves		-	179,350
Accumulated surplus		322,238	(164,882.50)
<b>Total net assets and liabilities</b>		<b>322,238</b>	<b>14,467.50</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30<sup>th</sup> September 2020 and signed by:

  
 Administrator of the Fund  
 Name: Samuel Muriithi

  
 Fund Accountant  
 Name: Annjoy Mburu  
 ICPAK Member Number: 11003



**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
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**11.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2018</b>	-	-	179,350.00	179,350.00
Surplus/(deficit) for the period	-	-	(164,882.50)-	(164,882.50)
Funds received during the year	-	-	-	0
Revaluation gain	-	-	-	0
<b>Balance as at 30 June 2019</b>	-	-	<b>14,467.50</b>	<b>14,467.50</b>
<b>Balance as at 1 July 2019</b>	-	-	<b>0</b>	<b>0</b>
Surplus/(deficit) for the period	-	-	322,238.00	322,238,00
Funds received during the year	-	-	0	0
Revaluation gain	-	-	0	0
<b>Balance as at 30 June 2020</b>	-	-	<b>322,238</b>	<b>322,238</b>

**MURANGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**11.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the County Government		3,084,000	2,384,000
Interest received		-	-
Receipts from other operating activities		-	-
<b>Total Receipts</b>		<b>3,084,000</b>	<b>2,384,000</b>
<b>Payments</b>			
Fund administration expenses		-	-
General expenses		2,761,762	2,548,882.50
Finance cost		-	-
<b>TOTAL PAYMENTS</b>		<b>2,761,762</b>	<b>2,548,882.50</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	-	-
<b>Net cash flows from operating activities</b>		<b>322,238</b>	<b>(164,882.50)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(-)	(-)
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		(-)	(-)
<b>Net cash flows used in investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)



**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
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<b>Net cash flows used in financing activities</b>		(-)	(-)
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>322,238</b>	<b>(164,882.50)</b>
Cash and cash equivalents at 1 JULY 2019	15	0	179,350
<b>Cash and cash equivalents at 30 JUNE</b>	<b>15</b>	<b>322,238</b>	<b>14,467.50</b>

11.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2020	2020	2020	2020	2020	2020
	KShs	KShs	KShs	KShs	KShs	
<b>Revenue</b>						
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	3,084,000	-	3,084,000	3,084,000	-	100%
Interest income	-	-	-	-	-	
Other income	-	-	-	-	-	
<b>Total income</b>	<b>3,084,000</b>	<b>-</b>	<b>3,084,000</b>	<b>3,084,000</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
Fund administration expenses		-	-	-	-	
General expenses	3,084,000	-	3,084,000	2,761,762	-	89.6%
Finance cost	-	-	-	-	-	
<b>Total expenditure</b>	<b>3,084,000</b>	<b>-</b>	<b>3,084,000</b>	<b>2,761,762</b>	<b>-</b>	<b>89.6%</b>
<b>Surplus for the period</b>			<b>-</b>	<b>322,238-</b>	<b>-</b>	

**Budget notes**

1. We utilized 86.9% of the budget *kshs.2,761,762*



**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
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**Reports and Financial Statements**

**For the year ended June 30, 2020**

**11.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**2. Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

Standard	Impact
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> </ul>

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></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> <p>(a) The nature of such social benefits provided by the entity; (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 entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2022:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and</p>



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Standard	Effective date and impact:
	<p>Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

**c) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Revenue recognition**

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

**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.

**ii) Revenue from exchange transactions**

***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.

**4. Budget information**

The original budget for FY 2019/2020 was approved by the County Assembly on 30<sup>th</sup> June 2019. 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, the Fund recorded additional appropriations of Kshs. 800,000 on the FY 2019/2020 budget following the governing body's approval.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section 167 of the public finance management Act 2012 of the financial statements.



**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. 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.

**6. Intangible assets**

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

The useful life of the intangible assets is assessed as either finite or indefinite.

**7. Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE  
CONTROL FUND (ADSACF)**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or entity of financial assets is impaired. A financial asset or 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:

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

***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 taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. 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:

- Raw materials: purchase cost using the weighted average cost method
- 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 Entity.

**9. 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.

***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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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.

**10. 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.

**11. Employee benefits— Retirement benefit plans**

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**12. Foreign currency transactions**

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



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**13. 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.

**14. Related parties**

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

**15. 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.

**16. Comparative figures**

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

**17. Events after the reporting period**

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

**18. Ultimate and Holding Entity**

The entity is a County Public Fund established by Public Finance Management Act 2012, under the Ministry of Gender and Social Services. Its ultimate parent is the County Government of Kirinyaga.

**19. Currency**

The financial statements are presented in Kenya Shillings (KShs).

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**20. 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 values**

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**Provisions**

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**21. Financial risk management**

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

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

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
<b>At 30 June 2018</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2019</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	0	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>0</b>	-	-	-

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 the fund.

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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 Fund 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
<b>At 30 June 2018</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2019</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Market risk**

The board 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 Fund'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.

**i. Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	KShs	KShs	KShs
<b>At 30 June 2020</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
<b>2020</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2019</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. 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 Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund'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 Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit 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.



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Capital risk management**

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2019/2020	2018/2019
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	0%	0%

**KIRINYAGA COUNTY EXECUTIVE ALCOHOLIC DRINKS & SUBSTANCE ABUSE CONTROL FUND (ADSACF)**

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**11.7. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	3,084,000	3,084,000
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>3,084,000</b>	<b>3,084,000</b>

**3. Fines, penalties and other levies**

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
<b>Total interest income</b>	<b>-</b>	<b>-</b>



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**5. Other income**

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
<b>Total other income</b>	-	-

**6. Fund administration expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
<b>Total</b>	-	-

**7. Staff costs**

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
<b>Total</b>	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. General expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	2,761,762.00	2,548,882.50
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
<b>Total</b>	<b>2,761,762.00</b>	<b>2,548,882.50</b>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Finance costs**

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Gain/(loss) on disposal of assets**

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11. Cash and cash equivalents**

Description	2019/2020	2018/2019
	KShs	KShs
Kirinyaga Car loan account	-	-
Kirinyaga County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others	322,238	14,467.50
<b>Total cash and cash equivalents</b>	<b>322,238</b>	<b>14,467.50</b>

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Detailed analysis of the cash and cash equivalents are as follows:

Financial institution	Account number	2019/2020	2018/2019
		KShs	KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank		-	-
Co-operative Bank	011415672202401	322238-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		322,238	179,350.00
M Pesa		-	-
<b>Sub- total</b>		<b>322,238</b>	<b>179,350.00</b>
<b>Grand total</b>		<b>322,238</b>	<b>179,350.00</b>

**12. Receivables from exchange transactions**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
<b>Total Current receivables</b>		
<b>Non-Current receivables</b>		
Long term loan repayments due	-	-
<b>Total Non- current receivables</b>	-	-
<b>Total receivables from exchange transactions</b>	-	-



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**Additional disclosure on interest receivable**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Interest receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

**13. Revenue from Non-Exchange transaction**

Description	KShs	KShs
	2019/2020	2018/2019
	KShs	KShs
Transfer to County Executive	-	-
Transfer to Alcoholic Fund	-	-
<b>Total receivables from non-exchange transactions</b>	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. Prepayments**

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	-	-

**15. Inventories**

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	KShs	KShs	KShs	KShs	KShs
<b>Cost</b>					
At 1 <sup>st</sup> July 2018	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/adjustments	-	(-)	-	(-)	(-)
At 30 <sup>th</sup> June 2019	-	-	-	-	-
At 1 <sup>st</sup> July 2019					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
At 30 <sup>th</sup> June 2020	-	-	-	-	-
<b>Depreciation and impairment</b>					
At 1 <sup>st</sup> July 2018	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30 <sup>th</sup> June 2019	-	-	-	-	-
At 1 <sup>st</sup> July 2019					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/adjustment	-	(-)	(-)	-	(-)
At 30 <sup>th</sup> June 2020	-	-	-	-	-
<b>Net book values</b>					
At 30 <sup>th</sup> June 2019	-	-	-	-	-
At 30 <sup>th</sup> June 2020	-	-	-	-	-

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**17. Intangible assets-software**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>	-	-

**18. Trade and other payables from exchange transactions**

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total Trade and other payables</b>	-	-

**19. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Transfers from non-current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2019)</b>	-	-	-	-



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**20. Borrowings**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	(-)	(-)
Repayments of domestic borrowings during the period	(-)	(-)
<b>Balance at end of the period</b>	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

	2019/2020	2018/2019
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organization'	-	-
Sterling Pound denominated loan from fund organization'	-	-
Euro denominated loan from fund organization'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**21. CHANGES IN RECEIVABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 <sup>st</sup> July 2019 (A)	-	-
Account receivable issued during the year (B)	-	-
Account receivable settled during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**22. CHANGES IN ACCOUNTS PAYABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 <sup>st</sup> July 2019 (A)	-	-
Accounts Payable held during the year (B)	-	-
Accounts Payable paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**24. Cash generated from operations**

	2019/2020	2018/2019
	KShs	KShs
<b>Surplus/ (deficit) for the year before tax</b>	<b>322,238</b>	<b>(164,882.50)</b>
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses and disposal of assets	(-)	(-)
Interest income	(-)	(-)
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>322,238</b>	<b>(164,882.50)</b>

**25. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees ;etc