

REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

OF

PARLIAMENT  
OF KENYA  
LIBRARY

THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	5/3/2024
TABLED BY	MAY. L.
COMMITTEE	—
CLERK AT THE TABLE	Kavata

**NANDI COUNTY ALCOHOLIC DRINKS  
CONTROL FUND**

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



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**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2023**

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



**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management

1. MCA chair Trade
2. CECM Trade

The key management personnel who had financial responsibility

- 1.1. Chief Officer Trade
- 1.2. Chief officer Finance
- 1.3. Director alcoholic Drinks Control

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**2. Key Entity Information and Management**

**a) Background information**

Nandi County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from NANDI COUNTY ALCOHOLIC DRINKS CONTROL ACT, 2014 Act on (3<sup>rd</sup> November 2014). The Fund is wholly owned by the County Government of NANDI and is domiciled in Kenya.

The main objective of the Fund is to assist the Directorate meet its capital and recurrent expenditures relating to;

- (a) Carrying out the functions of the Directorate
- (b) Assisting in the operations of the Sub-County Committees; as established under the Nandi County Alcoholic Drinks Control Act of 2014
- (c) Any other matter incidental to the matters as stipulated on attached Nandi County Alcoholic Drinks Control Act of 2014

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to provide for the licensing and regulation of the production, sale, distribution, consumption and outdoor advertising, of alcoholic drinks, and for connected purposes.

**c) Fund Administration Committee**

Ref	Name	Position
1	Mr. Hillary Serem	CECM FINANCE
2	CPA Alfred Lagat	CECM TRADE
3	Mr Benjamin Kiprotich	CO TRADE
3	Mr Stephen Biwott	DIRECTOR-ALCOHOLIC DRINKS CONTROL DIRECTORATE

**d) Key Management team**

Ref	Name	Position
1	Fund Manager/ Administrator	Director- Stephen Biwott
2	Fund Accountant	Accountant- Mathew Kipleting
3		
4		

**Key Entity and Management (Continued)**

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	CPA Edwin Maiyo
2		
3		

**f) Registered Offices**

NANDI COUNTY

P.O. Box 802-30300

KAPSABET, KENYA

**g) Fund Bankers**

1. CENTRAL BANK OF KENYA  
HAILE SELASSIE AVENUE  
P.O. BOX 60000  
CITY SQUARE 00200  
NAIROBI, KENYA
2. NATIONAL BANK OF KENYA  
KAPSABET BRANCH  
P.O BOX 34  
KAPSABET

**Key Entity and Management (Continued)**

**h) Independent Auditors**

AUDITOR GENERAL  
OFFICE OF THE AUDITOR GENERAL  
ANNIVERSARY TOWERS, UNIVERSITY WAY  
P.O. BOX 30084  
GOP 00100  
NAIROBI, KENYA


**i) Principal Legal Adviser**


THE ATTORNEY GENERAL  
STATE LAW OFFICE  
HARAMBEE AVENUE  
P.O. BOX 40112  
CITY SQUARE 00200  
NAIROBI, KENYA


**j) County Attorney**

AMOS MAGUT  
  
NANDI COUNTY GOVERNMENT  
  
PO BOX 802-30300  
  
KAPSABET, KENYA

**3. Board of Trustees/ Fund Administration Committee (Or Any Other Corporate Governance Body for The Fund)**

	<p><b>Mr. Hillary Serem -CECM, Finance and Economic Planning.</b></p> <p>Mr. Hillary Serem was appointed as the CECM, Finance and Economic Planning on 24<sup>th</sup> November 2022. Before his appointment Mr. Serem served as a MCA, Nandi County Assembly.</p> <p>Mr. Serem has worked in different capacities including Relationship Manager in Groups &amp; Investment Program, Micro Credit Office-Group lending in Co-operative Bank of Kenya,</p> <p>Mr. Serem has been involved in management and leadership skills has a Member of County Assembly, Treasurer-Nandi County Sacco, Member, Board Management-Kapsigilai Girls Secondary School.</p> <p>Mr. Serem holds Bachelor of Business Management (Accounting option)</p>
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<p><b>CPA Alfred Lagat - CECM, Trade, Tourism Industrialization and Enterprise development</b></p> <p>CPA Alfred Lagat was appointed as the <b>CECM, Trade, Tourism Industrialization and Enterprise development</b> on 24th November 2022. Before his appointment CPA Alfred Lagat was serving as the CECM Finance and Economic Planning.</p> <p>CPA Alfred Lagat has worked as a Senior Associate in Deloitte and Touché. He also worked as an Assistant Finance Manager at Diamond Trust Bank. He was previously the lead consultant for Tullon Consulting Ltd. CPA Alfred holds a Bachelor Of Commerce (Finance). He is also a Certified Public Accountant of Kenya (CPAK).</p>	
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	<p><b>Mr. Benjamin Kiprotich - C.O Trade, Tourism, Industrialization and Enterprise Development</b> Mr. Benjamin Kiprotich was appointed as the C.O Trade, Tourism, Industrialization and Enterprise Development on 20th March.2023. Before his appointment.</p> <p>Mr. Benjamin Kiprotich holds a Bachelor of Business Management</p>
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**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Mr. Stephen Biwott –Fund Administrator.**


Mr. Biwott was appointed as the Fund Administrator 24<sup>th</sup> June 2023. Before his appointment Mr. Biwott served as a Director International Programmes under the department of Education and Vocational training.


Mr. Biwott has worked in different capacities including, Acting Director sports ,


Mr. Biwott has been involved in management and leadership skills

Mr. Biwott holds Bachelor of Business information technology (strategic management option)

**4. Management Team**

	<p><b>Mr. Hillary Serem -CECM, Finance and Economic Planning.</b></p> <p>Mr. Hillary Serem was appointed as the CECM, Finance and Economic Planning on 24<sup>th</sup> November 2022. Before his appointment Mr. Serem served as a MCA, Nandi County Assembly.</p> <p>Mr. Serem has worked in different capacities including Relationship Manager in Groups &amp; Investment Program, Micro Credit Office-Group lending in Co-operative Bank of Kenya,</p> <p>Mr. Serem has been involved in management and leadership skills has a Member of County Assembly, Treasurer-Nandi County Sacco, Member, Board Management-Kapsigilai Girls Secondary School.</p> <p>Mr. Serem holds Bachelor of Business Management (Accounting option)</p>
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	<p><b>Mr. Benjamin Kiprotich - C.O Trade, Tourism, Industrialization and Enterprise Development</b> Mr. Benjamin Kiprotich was appointed as the C.O Trade, Tourism, Industrialization and Enterprise Development on 20<sup>th</sup> March.2023. Before his appointment.</p> <p>Mr. Benjamin Kiprotich holds a Bachelor of Business Management</p>
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**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Mr. Stephen Biwott –Fund Administrator.**

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Mr. Biwott has worked in different capacities including, Acting Director sports ,

Mr. Biwott has been involved in management and leadership skills

Mr. Biwott holds Bachelor of Business information technology (strategic management option)

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**5. Chairman Report**

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the Nandi County Alcoholic Drinks Control fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government; (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 County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the Nandi County Alcoholic Drinks Control financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the Nandi County Alcoholic Drinks Control Fund financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2023, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the Nandi County Alcoholic drinks control fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the Nandi Alcoholic Drinks Control Fund financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Name Hillary Serem

Signature 

Date 24<sup>th</sup> November, 2023

CECM Finance and Economic Planning.

## **6. Report of The Fund Administrator**

The Nandi County Alcoholic Drinks Control Fund was established in the Financial Year 2022/2023 in fulfilment of the provisions of the Nandi County Alcoholic Drinks Control Act, 2014. Its main objective is to facilitate activities of the Directorate of Alcoholic Drinks Control and administrative and financial support to various committees formed under the Act.

The Fund is run with the technical assistance from the National Bank which provides online and hands-free management of the fund in terms of collections and disbursement. This has not only reduced incidences of unwanted interaction with money by the employees but provides a real time status of the fund at the click of a button. Access to the Fund accounts is restricted through graduated rights to only authorised officers with credentials to specific functions.

In the period ending June 2023, the fund received a total of Kshs 11,285,815 from Applications for licenses, Kshs 900,700 from License fees and Kshs 9,957,000 from Appeals by unsuccessful Applicants ksh 428,000.

The Fund facilitated the following activities:


- i) Licencing process
- ii) Enforcement and compliance

All the above activities were planned in the Annual Work plan, Procurement Plan and Budget estimates. The Activities were necessary since they were not only the core mandate of the Directorate but necessary as prioritised by stakeholders. The provisions of the PFM Act, County Government Act and the Nandi County Alcoholic Drinks Control Act guided implementation. All appropriations were duly authorised, spent as planned and supported adequately.

One of the Key Challenge faced was inadequate staff, inadequate funding to cover the entire County and delay by the traders to pay license fees on time thus starving the Directorate of requisite funding. The greatest risk facing the Fund administration is managing expectation against available cash-flow.

In future, there is need to pool together all funds from trade in Alcoholic drinks including Single Business Permits, Fines and Penalties and provision for support in cash and kind by other entities in the books of Account.

Name Biwott Stephen Kirwa

Signature 

Date 24<sup>th</sup> November, 2023

Director Alcoholic Drinks Control.

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**7. Statement of Performance Against the County Fund’s Predetermined Objectives**

The total annual budget is approximately 12million the objective of alcoholic drinks control directorate met in the FY2022-2023 are licensing, enforcement, and facilitation of the sub county committees as stipulated per Nandi County alcoholic drinks control Act of 2014. Some of the challenges encountered by the directorate in carrying out there mandate is the court order( stay order) inadequate staff, poor Terrain and lack of mobility.

**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 Fund as per the strategic plan for the year ended June 30,2023 are to:

1. Receive applications and facilitate sub county committees
2. Licensing of the approved outlets by the sub county committee
3. Enforcement of non-compliance outlets
4. Rehabilitation, advocacy and sensitisations

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Provision of Mortgage facilities to all members of staff</b>	N/A	N/A	N/A	N/A
Program 2	N/A	N/A	N/A	N/A

**8. Corporate Governance Statement**

Corporate Governance responsibility is an integral part of our culture. As a responsible organization, we respect the interests of our stakeholders – our employees, customers, suppliers and the wider community and we actively seek opportunities both to improve the environment and to contribute to the well-being of the communities around us. To ensure responsible competition practices, the Nandi County Alcoholic Drinks Control Fund, has undertaken vigorous training at various sub counties on emerging issues of corruption both touching on county staff and the public.

The Government has ensured that fair competition environment exist for all the residents living in Nandi by eliminating all unethical or illegal business practices and consumption of illicit brew.

## **9. Management Discussion and Analysis**

The fund was able to finance operations of the directorate, subcounty committees and review committees as stated by the act.

Risk: the fund didn't achieve its objective due to stay order by the court allowing operators to do business without paying licences.

## **10. Environmental and Sustainability**

### **i. Sustainability strategy and profile**

In the financial year 2022-2023 we had to go an extra mile to balance the politics and service provision to the public, value for money remains to be our key objective.

The County Government of Nandi has advocated for all the stakeholders i.e. Constituencies and County officials to work together in promoting participatory, governance and accountability.

The strategy has been achieved through public participation in budget making process.

### **ii. Environmental performance**

When the County treasury provide departments with finance to invest in projects such as building a road, providing people with water the aim is to ensure that the people and the environment are protected from potential adverse impacts. This is done through policies that identify, avoid, and minimize harm to people and the environment. These policies requires department to address certain environmental and social risks in order to receive further support for investment projects from experience including environmental and social considerations into project design and implementation to improve development outcomes.

### **Safeguard Policies**

The current environmental and social policies are known as the "Safeguard Policies," the mechanism for addressing environmental and social issues in our project design, implementation and operation, and they provide a framework for consultation with communities and for public disclosure. Examples of these requirements include conducting environmental and social impact assessments, consulting with affected communities about potential project impacts, and restoring the livelihoods of displaced people.

#### **iii. Employee welfare**

Nandi county government has provided instruction, training and supervision so as to ensure health and safety at work of his workers.

Policies have been put in place to ensure Employment of worker at any machine or in any process that may cause ill health or bodily injury is prohibited unless worker has been fully instructed about the hazards involved and precautions that must be observed. Worker should be properly trained or required to work under supervision of experienced persons

#### **iv. Market place practices**

To ensure responsible competition practices, the County Government of Nandi has undertaken vigorous training at various sub counties on emerging issues of corruption both touching on county staff and the public.

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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The Government has ensured that fair competition environment exist for all the residents living in Nandi by eliminating all unethical or illegal business practices. During the financial year 21/22 there was timely payment to the suppliers. 30% of the total contracts for the year were reserved to groups under AGPO

To maintain ethical marketing, the County Government of Nandi has embarked on ensuring that products of various companies operating within the county are not only benefiting consumers but also socially responsible and environmentally suitable.

To safeguard customer rights and interest, the County Government of Nandi has adopted weight & measures to ensure that majority of products sold to the public meet the required quantity and quality.

### **11. Report of the trustees**

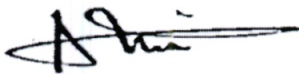
The Nandi County Alcoholic Drinks Control Fund was established in the FY 2022/2023 pursuant to provisions of the Nandi County Alcoholic Drinks Control Act, 2014. Its main objective is to facilitate the functions of the Directorate and Committees in control of the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for persons dependent on Alcoholic Drinks in Nandi County.

Since its establishment, the Fund facilitated the licensing process of various categories of traders in Alcoholic Drinks in the Calendar year 2023, activities to put in place the structures necessary for prudent management of the Fund such as formulation of Fund regulations, Stakeholder engagement and Enforcement activities. Normal internal transfer within the County Public Service saw the change in the Fund Administrator/Director but this has not affected operations of the Fund in any way. The need to fine tune some provisions in the Act as highlighted by the County Legal Office and making of necessary Regulations are currently underway since compliance with legal provision for public participation is paramount.

A costed work plan guided appropriations of the Fund and the expedited availability of funds to meet the needs of the Directorate has made it more responsive to the needs and expectations of the public. There is every reason to believe that establishment of the Fund is timely and appropriate and going forward, not only will the run-away availability of dubious alcoholic drinks be a thing of the past but individuals conflicted due to abuse of the same will receive the necessary support in reform and rehabilitation.

Name: Alfred Lagat

Signature



Date: 29<sup>th</sup> November 2023

**CEC Member-Trade, Tourism, Investment and Industrial Development**

**12. 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 Nandi County Alcoholic drink act 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, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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.

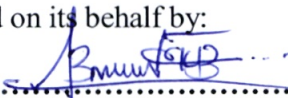
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Nandi county finance act 20 . 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, 20xx, 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. OR

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 24/11/2023 2023 and signed on its behalf by:

  
.....

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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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 NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Nandi County Alcoholic Drinks Control Fund set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of

changes in net assets, statement of cash flows and the 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, the financial statements present fairly, in all material respects, the financial position of the Nandi County Alcoholic Drinks Control Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Nandi County Alcoholic Drinks Control Act, 2014, the Public Finance Management Act, 2012 and the County Governments Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nandi County Alcoholic Drinks 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 opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.12,560,000 and Kshs.11,285,815 respectively resulting to an under collection of Kshs.1,274,185 or 10% of the budget. Similarly, the Fund expended Kshs.4,214,505 against an approved budget of Kshs.12,560,000 resulting to an under-expenditure of Kshs.8,345,495 or 66% of the budget. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and

Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Excessive Fund Administration Expenses**

The statement of financial performance and Note 6 to the financial statements reflects fund administration expenses totalling to Kshs.1,814,280 which is 14% of the approved budget of Kshs.12,560,000 resulting to 11 percentage points or Kshs.1,437,480 over and above the allowable expenditure contrary to regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 which requires that administration costs of the Fund to be a maximum of three (3%) percent of the approved budgets of the Fund.

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

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

#### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

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

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 (7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

31 January, 2024

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
<b>Revenue from exchange transactions</b>			
Interest income	4	-	-
Other income	5	11,285,815	-
<b>Total revenue</b>		<b>11,285,815</b>	<b>-</b>
<b>Expenses</b>			
Fund administration expenses	6	1,814,280	-
General expenses	7	2,400,225	-
Finance costs	8	-	-
<b>Total expenses</b>		<b>4,214,505</b>	<b>-</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9	-	-
<b>Surplus/( deficit) for the period</b>		<b>7,071,310</b>	<b>-</b>

.....  
 Name: Stephen Biwott  
 Administrator of the Fund

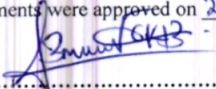
.....  
 Name: Mathew Kipleting  
 Fund Accountant  
 ICPAK Member Number: 21626


**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

15. Statement of Financial Position As at 30 June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	10	7,071,310	-
Current portion of long term receivables from exchange transactions	11	-	-
Prepayments	12	-	-
inventories	13	-	-
<b>Total current assets</b>		<b>7,071,310</b>	<b>-</b>
Non-current assets			
Property, plant and equipment	14	-	-
Intangible assets	15	-	-
Long term receivables from exchange transactions-loan balances	11	-	-
Total Non-current assets		-	-
<b>Total assets</b>		<b>7,071,310</b>	<b>-</b>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions-recovery in advance	16	-	-
Provisions	17	-	-
Current portion of borrowings	18	-	-
Employee benefit obligations	19	-	-
Total Current liabilities		-	-
Non-current liabilities		-	-
Non-current employee benefit obligation	19	-	-
Long term portion of borrowings	18	-	-
Total liabilities		-	-
<b>Net assets</b>		<b>7,071,310</b>	<b>-</b>
Revolving Fund		-	-
Reserves		-	-
<b>Accumulated surplus</b>		<b>7,071,310</b>	<b>-</b>
<b>Total net assets and liabilities</b>		<b>7,071,310</b>	<b>-</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 24th NOV 2023 and signed by:

  
 Name: Stephen Biwott  
 Administrator of the Fund

  
 Name: Mathew Kiplating  
 Fund Accountant  
 ICPAK Member Number: 21626

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July (Previous FY)</b>	-	-	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-		-
Transfers	-	-	(-)	
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June (Previous FY)</b>	-	-	-	-
<b>Balance As At 1 July ( FY 2022-2023)</b>		-	-	-
Surplus/(Deficit) For the Period	-	-	7,071,310	<b>7,071,310</b>
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
	-			
<b>Balance As At 30 June (Current FY)</b>		-	<b>7,071,310</b>	<b>7,071,310</b>

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**17. Statement of Cash Flows for The Year Ended 30 June 20xx**

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		11,285,815	-
other receipt-returned transaction		-	-
<b>Total Receipts</b>		<b>11,285,815</b>	<b>-</b>
<b>Payments</b>			
Fund administration expenses		(1,814,280)	-
General expenses-insurance		(2,400,225)	-
Finance cost		-	-
<b>Net cash flows from operating activities</b>	24	<b>7,071,310</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>7,071,310</b>	<b>-</b>
Cash and cash equivalents at 1 July		-	-
<b>Cash and cash equivalents at 30 June</b>		<b>7,071,310</b>	<b>-</b>

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	B	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue	KShs	KShs	KShs	KShs	KShs	
balance b/d	-	-	-	-	-	-
Transfers from County Govt.	-		-	-	-	-
other income	12,560,000		12,560,000	11,285,815	1,274,185	90
Principle recovered			-	-	-	-
<b>Total income</b>	<b>12,560,000</b>	<b>-</b>	<b>12,560,000</b>	<b>11,285,815</b>	<b>1,274,185</b>	<b>90</b>
<b>Expenses</b>						
Fund administration expenses	2,638,350		2,638,350	1,814,280	824,070	69
general expenses	9,921,350		9,921,350	2,397,400	7,523,950	24
Finance cost	300		300	2,825	-2,525	942
<b>Total expenditure</b>	<b>12,560,000</b>	<b>-</b>	<b>12,560,000</b>	<b>4,214,505</b>	<b>8,345,495</b>	<b>34</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,071,310</b>	<b>7,071,310</b>	<b>56</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**19. Significant accounting policies**

**1. General Information**

Nandi County Alcoholic Drinks Control Fund entity is established by and derives its authority and accountability from NANDI COUNTY ALCOHOLIC DRINKS CONTROL ACT, 2014 Act. The entity is wholly owned by the Nandi County Government and is domiciled in Kenya. The entity's principal activity is to provide for the licensing and regulation of the production, sale, distribution, consumption and outdoor advertising, of Alcoholic Drinks, and for connected Purposes.

**2. 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.

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

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

<b>Standard</b>	<b>Effective date and impact</b>
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023</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:

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**

**Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<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> <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><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</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> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**

**Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<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><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

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

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p>

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**

**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**(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.)*

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**1. Significant Accounting Policies**

**a) 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.

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2023 was approved by the County Assembly on xxxx. 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 xxxxx on the FY 2023 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.

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Summary of Significant Accounting Policies (Continued)**

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) 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.

**e) Investment property**

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

**Summary of Significant Accounting Policies (Continued)**

**f) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

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

**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

## **NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**

### **Annual Report and Financial Statements for the year ended June 30, 2023**

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#### **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 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.

#### **h) 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.

#### **i) Social Benefits**

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

**Summary of Significant Accounting Policies (Continued)**

**j) 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.

**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) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

**l) 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.

**m) 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.

**Summary of Significant Accounting Policies (Continued)**

**n) 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.

**o) 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.

**p) 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.

**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.

**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.

**Summary of Significant Accounting Policies (Continued)**

**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.

**a) 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.

**b) 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

**c) 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 xxx.

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

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

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**20. . Notes To The Financial Statements**

**1. Public contributions and donations**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	-	-

*(Provide brief explanation for this revenue)*

**2. Transfers from County Government**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	-	-

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	-	-

*(Provide brief explanation for this revenue)*

**4. Interest income**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Total Interest Income	-	-
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**Notes to the Financial Statements Continued**

**5. Other income**

Description	FY 2022-2023	Insert Comparative FY
	Kshs	Kshs
Application Fee	900,700	-
Appeal	428,000	-
Licence	9,957,000	-
Miscellaneous Income	115	-
<b>Total Other Income</b>	<b>11,285,815</b>	<b>-</b>

**6. Fund Administrative Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
Administrative fee	1,814,280	-
Professional services costs	-	-
<b>Total</b>	<b>1,814,280</b>	<b>-</b>

**7. General expenses**

Description	2021/22	2020/21
	Kshs.	Kshs.
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	2,373,400	-
Rental costs	-	-
bank charges	2,825	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	24,000	-
<b>Total</b>	<b>2,400,225</b>	<b>-</b>

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**8. Finance costs**

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
	KShs	KShs
Interest on Bank overdrafts		-
<b>Total</b>	-	-

**9. Gain on disposal of assets**

Description	FY 2022-2023	Insert Comparative FY
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

**10. Cash and cash equivalents**

Description	FY 2022-2023	Insert Comparative FY
	Kshs	Kshs
Xxx Car Loan Account	-	-
Xxx County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	7,071,310	-
Others ( <i>Specify</i> )	-	-
<b>Total Cash And Cash Equivalents</b>	<b>7,071,310</b>	-

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	FY 2022-2023	Insert Comparative FY
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>		-	-
<b>Balance c/f</b>			-
<b>Sub- Total</b>		-	
<b>b) On - Call Deposits</b>			
		-	-
		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
National Bank of Kenya	01071252715700	7,071,310	-
		-	-
<b>Sub- Total</b>		-	-
<b>d) Others(Specify)</b>		-	-
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>7,071,310</b>	-

**11. Receivables from exchange transactions**

Description	Insert Current FY	Insert Comparative FY
	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>	-	-

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
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**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

Description	Insert Current FY	Insert Comparative FY
	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	-	-

**12. Prepayments**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**13. Inventories**

Description	Insert Current FY	Insert Previous FY
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories ( <i>Specify</i> )	-	-
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	-	-

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Notes to the Financial Statements Continued**

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
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**Notes To The Financial Statements (Continued)**

**14. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July (Previous FY)</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
<b>At 30<sup>th</sup> June (Previous FY)</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July (Current FY)</b>					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
<b>At 30<sup>th</sup> June (Current FY)</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>					
<b>At 1<sup>st</sup> July (Previous FY)</b>	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
<b>At 30<sup>th</sup> June (Previous FY)</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July (Current FY)</b>					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
<b>At 30<sup>th</sup> June (Current FY)</b>	-	-	-	-	-
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June (Previous FY)</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June (Current FY)</b>	-	-	-	-	-

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes To The Financial Statements (Continued)**

**15. Intangible assets**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	-	-
Additions	-	-
<b>At End of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	-	-
Amortization	-	-
<b>At End of The Year</b>	-	-
Impairment Loss	-	-
<b>At End of The Year</b>	-	-
<b>NBV</b>	-	-

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes To The Financial Statements (Continued)**

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

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
<b>Total Trade and Other Payables</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis (Trade and other payables)</b>				
	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>-</b>		<b>-</b>	

**17. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
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</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**

**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes To The Financial Statements (Continued)**

**18. Borrowings**

Description	Insert Current FY	Insert Comparative FY
	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:

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z 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	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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*(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)*

**NANDI COUNTY ALCOHOLIC DRINKS CONTROL FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes To The Financial Statements (Continued)**

**19. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**20. Social Benefit Liabilities**

Description	Insert Current FY	Insert Comparative FY
	<b>Kshs</b>	<b>Kshs</b>
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

**Notes To The Financial Statements (Continued)**

**21. Cash generated from operations**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>7,071,310</b>	<b>-</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On 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>7,071,310</b>	<b>-</b>

**Notes To The Financial Statements (Continued)**

**22. 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;

**b) Related party transactions**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**c) Key management remuneration**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**d) Due from related parties**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Other Disclosures Continued**

**e) Due to related parties**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**23. Contingent assets and contingent liabilities**

Contingent Liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

**Notes To The Financial Statements (Continued)**

**24. 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:

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes To The Financial Statements (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 xxxx

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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June (Current FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June (Comparative FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Notes To the Financial Statements (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:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June (Current FY)</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Notes To The Financial Statements (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.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>(Current FY)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>(Comparative FY)</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. 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 of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

**Notes To The Financial Statements (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:

Description	Current FY	Comparative FY
	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>	-%	-%

**25. Events after the reporting period**

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

**26. Ultimate and Holding Entity**

The entity is a County Public Fund established by xxx Act (*state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of XXX.

**27. Currency**

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

**21. Annexes**

**Annex I: Progress on Follow Up Of Prior Year Auditor’s Recommendations**

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

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

**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 Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

*[Handwritten Signature]*

Fund Manager/Accounting Officer (enter title of head of Fund)

Date 24<sup>th</sup> NOV 2023 .....

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**Annex II: Inter-Fund Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary Fund]*

*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

**Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30<sup>th</sup> June 2023**

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
<b>Total</b>							

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

**Head of Accountants department of beneficiary Fund:**

Name Benjamin Kiprotich Sign [Signature] Date 24<sup>th</sup> Mar 2023

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**Annex III: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

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**Annex IV: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments