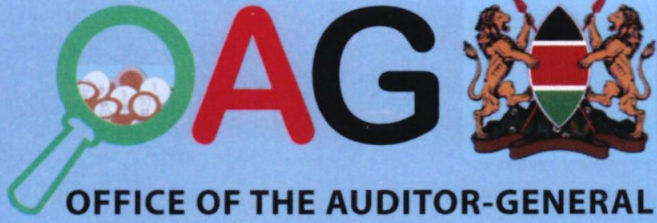


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**MOMBASA COUNTY ALCOHOLIC
DRINK CONTROL FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Mas Whip
COMMITTEE	
CLERK AT THE TABLE	Maatim

OFFICE OF THE AUDITOR GENERAL
P.O.Box 95202 MOMBASA
31 OCT 2024
RECEIVED
MOMBASA REGIONAL OFFICE

Revised 30th June 2024



**COUNTY GOVERNMENT OF MOMBASA
ALCOHOLIC DRINK CONTROL FUND
AMMENDED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

(Leave this page blank)

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Table of Content

1. Acronyms and Glossary of Terms	iii
2. Key Entity Information and Management	iv
3. Board of Trustees/ Fund Administrator Committee	v
4. Management Team	v
6. Report of the Fund Administrator	xx
7. Statement of Performance Against the County Fund's Predetermined Objectives	xxii
8. Corporate Governance Statement	xxxii
9. Management Discussion and Analysis	xxxv
10. Environmental and Sustainability Reporting	xxxvii
11. Report of the Trustees	xxxix
12. Statement of Management's Responsibilities	xLi
13. Report of the Independent Auditor on the Financial Statements for 2024 Fund/ Board/ Scheme	xLii
14. Statement of Financial Performance for the Year Ended 30 th June 2024	1
15. Statement of Financial Position As at 30 th June 2024	2
16. Statement of Changes in Net Assets for the Year Ended 30 th June 2024	4
17. Statement of Cash Flows for the Year Ended 30 th June 2024	5
18. Statement of Comparison of Budget and Actual Amounts for the Period 2024	6
19. Notes to the Financial Statements	8
20. Annexes	42

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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	The key management personnel who had financial responsibility
----------------------	---

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

2. Key Entity Information and Management

a) Background information

Alcoholic drink control Fund is established by and derives its authority and accountability from Mombasa County Liquor Licensing Act of 2014 and administered by the Mombasa County Director of Liquor Control, subject to the general directions of the County Executive Member in charge of Department of Trade, Tourism & Investment. The Fund is wholly owned by the County Government of Mombasa and is domiciled in Kenya.

The fund's objective is to-

- Regulate the production, sale, distribution, consumption and outdoor advertising of alcoholic drinks.
- Ensure that the production, sale, distribution and consumption of alcoholic drinks conform to certain health, social and infrastructural requirements.
- Protect underage persons from access and exposure to liquor.
- Protect consumers of liquor from misleading and deceptive inducements.
- Provide for measures to prevent illicit trade in alcoholic drinks.
- Provide for public participation in the regulation of alcoholic drinks.
- Promote public education on the lawful dealings in alcoholic drinks

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to-

- Receive and consider applications for liquor licenses in accordance with the Act.
- Provide advice to the County Executive Committee on matters of policy relating to control and regulation of liquor.
- Collaborating with relevant government agencies for effective implementation of the Act.
- Carrying out public education in collaboration with other public and private players on liquor control in the County.
- Involvement with citizen through public participation in matters related to liquor control.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

c) Board of Trustees

SN	Name	Position
1	Taib Abdulrahman	Chairperson
2	CPA Gloria W. Mwasi, Albert Keno, Swaleh R. Mwalizuma, Amir Ghalib, Ali Shariff Abdulrahman, Pauline Oginga, Joyce Ngóndi Mwamburi, Eddah Soi, David Ngamau Gitau, Julius Owino Ndeke, Hitah Shah, Dr Roselyn Randu, Abdallah Jughe Daleno,	Committee Members
3	Simon Mbaro	Fund Manager/ Administrator
4		
5		

d) Key Management

SN	Name	Position
1	Fund Manager/ Administrator	Simon Mbaro
2	County Chief officer- Trade, Culture & Tourism	Swaleh R. Mwalizuma
3	County Chief officer- Finance & Economic planning	CPA Gloria W. Mwasi
4	Ag. Fund Accountant	CPA Stephen K.Muiyuro

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Richard Abiero Bob
2	Sub-Committees	
	Risk, Licensing and Compliance	Julius Owino, Pauline Oginga, Amir, Hita Shah, Joyce Mwamburi
	Finance, Budget, and Audit	Ayub Ridhiwani, David Gitau, John Musuva, Albert Keno, Sheba Hassan
	Technical and Strategy	Pauline Oginga, David Gitau, Albert Keno, John Musuva
	Governance and Human Resource	Joyce Mwamburi, Hita Shah, Ali Shariff, Julius Owino, Eddah Soi

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

f) Registered Offices

P.O. Box 90440-80100
Betting Control & Licensing Building/House/Plaza
Nkrumah Avenue/Road/Highway
Nairobi, KENYA

g) Fund Contacts

Telephone: (254) 41-2311531
E-mail: countysec@mombasa.go.ke
Website: www.mombasacounty.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Treasury Square Branch
P.O Box 90254
GPO 80100

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser


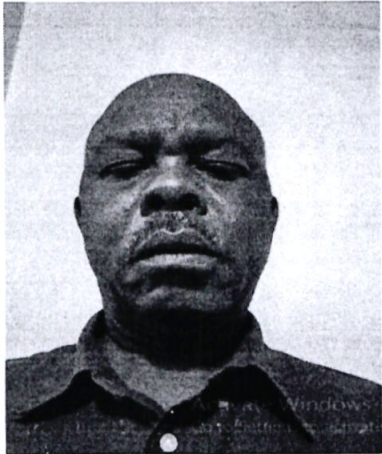
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

k) County Attorney


The County Attorney
Office of the County Attorney
Betting and Control Building
County Government of Mombasa

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**


3. The Board of Trustees


Name	Details of qualifications and experience
<p>1.</p> 	<p>Board Member: CPA Gloria Wandoe Mwasi</p> <p>Degree in economics from Kenyatta University</p> <p>Ongoing Master’s degree in project planning and management at University of Nairobi</p> <p>Certified public accountant and a member of ICPAK</p> <p>15 years’ experience in public finance management</p>
<p>2.</p> 	<p>Board Member: Albert Keno</p> <p>County Chief Officer- Infrastructure and Public Work</p> <p>Eng. Albert Torori Keno Joined the EHCSL MC Board in February 2022. He is an experienced and accomplished Kenyan Professional Civil Engineer who graduated with a Bachelor of Science (Civil Engineering) (2nd Class Hons) from the University of Nairobi in 1987. Eng. Keno is Registered with the Engineers Board of Kenya (EBK), a Corporate Member of the Institution of Engineers of Kenya (IEK) and a Holder of a valid Practising Certificate</p>


**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	<p>by the Engineers Board of Kenya (EBK).</p> <p>He has a wide experience in civil / structural engineering works of over 35 years majorly in areas of roads, buildings and water gained through his long service in several Government Departments in Kenya.</p>
<p>3.</p> 	<p>Board Member: Swaleh R. Mwajuma</p> <p>County Chief Officer - Department of Tourism, Culture, and Trade</p> <p>Swaleh holds a Masters in Project Planning and Management (JKUAT) and undergraduate in Development studies</p> <p>Worked at Kenya Commercial Bank as a Relationship Manager in SME. Currently CCO tourism Culture and Trade.</p>

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>4.</p> 	<p>Fund Administrator: Mr. Simon Mbaro Director- Directorate of Liquor Control and Licensing Degree in Sociology -2nd Class Honors – Moi University Master’s in Public Policy & Administration – On –going 26 years’ experience in the civil service</p>
---	--

<p>5.</p> 	<p>Board Member: Ali Shariff Abdulrahman County Chief Officer - Departments of Land and Physical Planning Masters of Science in Mobile Telecommunications and Innovations Bachelor of Engineering in Electrical and Telecommunications Engineering</p>
--	--

<p>6.</p> 	<p>Board Member: Pauline Oginga Born; 21/8/1978 County Chief Officer – Environment & Waste Management. Master’s in Public Health Post Graduate Diploma in Monitoring and Evaluation Bachelor’s Degree in Public Health</p>
---	--

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	Diploma in Nursing
--	--------------------



7.

Board Member: Joyce Ng'ondi Mwamburi

Joyce Ng'ondi Mwamburi was born on 29th January 1971.

She is a Kenyan resident, ID holder no. 10754287 and resides in Mombasa. She did her A-Level at Tarrasa High School and managed to attain 1 principal and 1 subsidiary. She later joined a Front Office apprenticeship with block hotels from December 1992 to December 1993. She later did several certificate courses e.g. public relations, introduction to computers, systems and applications, certificate in advocacy, competence and training programmes, certificate in social dialoguing work place issues and lastly a certificate in administrative assistant course.

In 1995 to 2002, she worked in Sun n Sands as a Receptionist then to a reservations clerk later to an assistant Guest Relations officer.

In 2002 to 2003, she was a Guest Relations officer at African Safari Club.



2008 to 2009 was a Guest Relations Officer at Leisure Lodge.

2009 to 2011 was an operations Manager at Makeeyu Resort.

2012 to 2017 worked as a secretary/ administrative Asst at KAHC.

2019 to 2020 worked as an Executive Officer with Perak coast Chapter.

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>8. </p>	<p>Board Member: Eddah Soi An experienced membership service-oriented individual whose role is to aid in marketing growth, offer advocacy representation, lead information communicator on available updates and training opportunities to strengthen the membership retention and forming partnerships link with internal and external stakeholders including local and National government for the benefit of KAHC Association members to promote a healthy business environment and competition for Kenya’s hospitality. Works as Membership Officer at Kenya Association of Hotel keepers and Caterers, KAHC. A position she has held since 2018.</p>
<p>9. </p>	<p>Board Member: David Ngamau Gitau Member of PERAK ,secretary Mombasa CEO Singawa Limited GM Nashville restaurant and resort BSC ACTUARIAL SCIENCE Currently pursuing MBA</p>

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**







Chairman of the Board: Taib Abdulrahman

Mr. Taib Abdulrahman Basheeib is a renowned anti-drug Icon in the country and globally. Wealth experience in drug; Rehabilitation and treatment program. He is a trained addiction counselor and a nadaac certified addiction specialist. Diploma in Counseling Psychology and vast experience in management and training. He is the current Executive Director, Reach out Centre Trust, an organization initiated early 2003 to provide preventive and treatment services to people affected by or vulnerable to drug abuse and HIV/AIDS in the Coastal Region of Kenya.



He has over 20 years vast experience in anti-drug activism dedicating his efforts in harm reduction interventions for People Who Use Drugs-PWUD and advocating for universal health rights of the PWUD, further specializing in project/program design, Management, Capacity Building and Advocacy in the Kenya Harm Reduction Network as the national secretary.

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**


 <p>11. Julius Owino Ndeke</p>	<p>Board Member: Julius Owino Ndeke Academic qualifications, Bsc Tourism Management, Diploma in tourism Management. 11 yrs working experience in Tourism industry. Currently CEO Kenya Coast Tourist Association</p>
 <p>12.</p>	<p>Board Member: Hitah Shah Businesswoman Manager in EWCA Marketing Kenya Limited</p>
	<p>Board Member: Abdallah jughe Daleno County Chief Officer- Public Health Bachelor of science public health, Master of Science in public health.</p>
	<p>Board Member: Dr Roselyn Randu County Chief Officer- Education Doctor of Philosophy Degree in Educational Management</p>

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

4. Management Team

Name	Details of qualifications and experience
<p>1.</p> 	<p>Board member: Swaleh Mwajuma County Chief Officer- Trade, Culture & Tourism Swaleh holds a Masters in Project Planning and Management (JKUAT) and undergraduate in Development studies Worked at Kenya Commercial Bank as a Relationship Manager in SME. Currently CCO tourism Culture and Trade.</p>
<p>2.</p> 	<p>Board member: CPA Gloria Wandoe Mwasi County Chief Officer- Finance & Economic planning Degree in economics from Kenyatta University Ongoing Masters degree in project planning and management at University of Nairobi Certified public accountant and a member of ICPAK 15 years' experience in public finance management</p>

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>3.</p> 	<p>Fund Administrator: Mr. Simon Mbaro Director- Directorate of Liquor Control and Licensing Degree in Sociology -2nd Class Honors – Moi University Master’s in Public Policy & Administration – On –going 26 years’ experience in the civil service</p>

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

5. Board/Fund Chairperson's Report

It is my pleasure to present, on behalf of the Board of Trustees, the Mombasa County Alcoholic Drink Control Fund financial statements for the fourth quarter ended 30th June 2024. The financial statements present the financial performance of the fund over the past year.

The Fund saw the Net assets increased to Kshs. 154,572,514 compared to Net Assets of the Financial Year ended 30th June 2023 which stood at Kshs. 115,518,359. This was attributed to improved compliance with liquor laws by Mombasa resident thus they avoided the levies. However, we had few cases where some retail owners petitioned the levies in Court of Law.

As people are not going to forsake drinking any time soon, there was need to encourage moderate drinking and help few who may become alcoholics. This was to be achieved by enforcing control mechanism through licensing to only those that obey the stipulated laws.

It has been expressed that the Mombasa County Liquor Licensing Act does not define the functions of the Fund and provide for winding up procedures. These and any other shortcomings in the law will be looked at and rectified.

Future outlook

The year 2023/2024 looks brighter. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government, local and aspiring political leaders, with other development partners so that the Fund can realize its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the Mombasa County Government, stakeholders, management, staff and fellow Trustees for their continued support which made us execute our mandate in managing the Fund. I look forward for another fabulous and continued support in the financial year 2023/2024.

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

I wish to thank all stakeholders who are giving us support to pursue this worthwhile cause and it is my belief, we shall have residents who drink responsibly

Name James Aburaman Signature [Signature] Date 21/10/24

Chairperson of the Board/Fund

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Report of the Fund Administrator

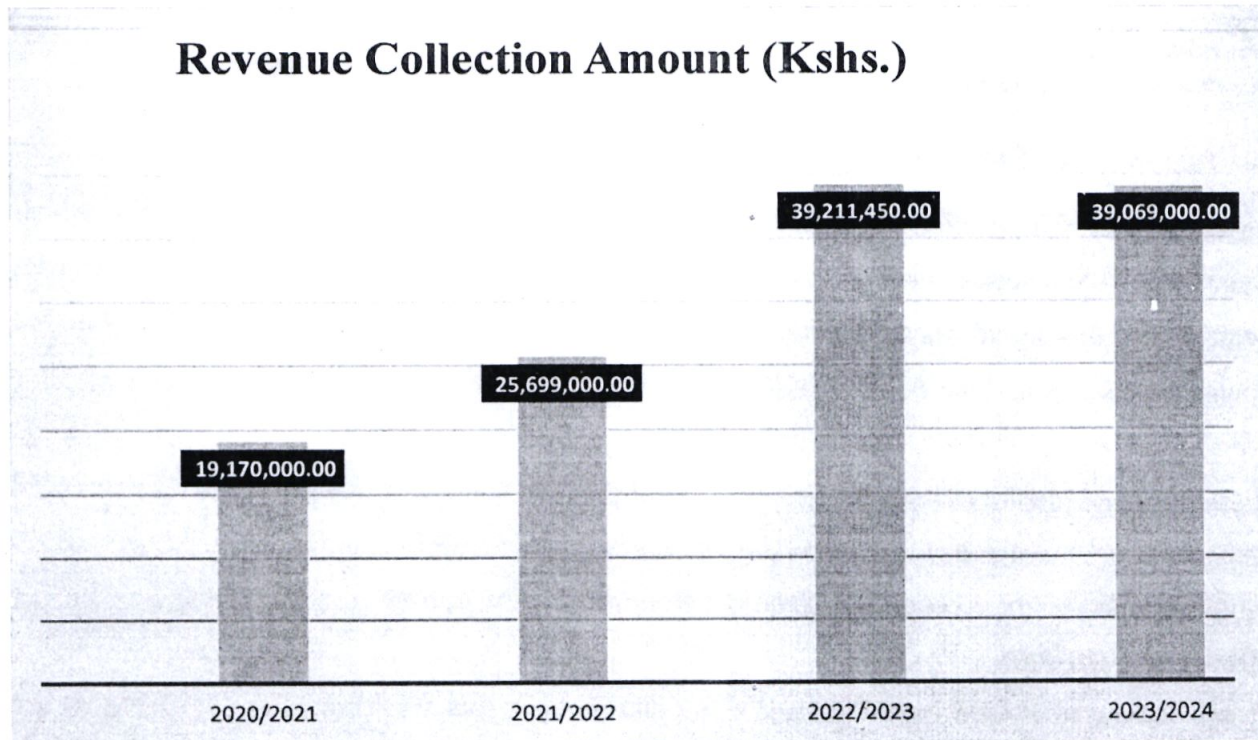
In accordance with section 22. (1) of the Mombasa County Liquor Licensing Act 2014, which states that the Director shall ensure that the accounts for the Fund and the annual financial statements relating to those accounts comply with the requirements of the Public Finance Management Act and the Public Audit Act.

I am therefore glad to oversee the presentation of the final statements for the financial year ended 30th June 2023 which have been prepared in accordance with the accounting standards prescribed and published by the Accounting Standards Board from time to time.

Revenue Collection

I am pleased to inform the Board and other stakeholders that we have been improving on our financial collection steadily as per the figure below shows but the current Financial year the Fund was adversely affected by the on going case ; Judicial Review Application No.EO59 of 2023 lodged in 15th May 2023 which is yet to be determined.

Fy 2020-21 19m, Fy 2021-22 25m , Fy 2022-23 39m and Fy 2023-2024 39m.



Implementation challenges of strategic objectives were:

Insufficient support from NACADA; Poor working relations between the National and County Government due to some grey area in the Act; lack of key staffs especially in Accounting, Auditing, Procurement and other technical areas; inability to address several complains from the public against Liquor outlets flouting the Act due to poor work relations between the two levels of Government; reluctance by the National Government to recognize Mnazi drinks as legal Liquor.

Successful engagement in public sensitization, workshops and crackdowns on illegal liquor outlets to educate stakeholders and public on implementation of the Act; won court cases which were brought by liquor outlet operators; support youth and cultural activities on anti-alcohol abuse thematic activities including rehabilitations; Automation on liquor licensing procedure.

This will enhance effective collection of the revenue and reduce cases of revenue loss hence sustainability of the Fund.

Key risk management strategies is basically repealing the current Mombasa County Liquor Licensing Act of 2014 to address the inadequate legislation.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Future Programs;

The Fund is looking forward to carrying out advocacy and prevention programs on alcohol and drug abuse control as budgeted in the FY 2023/2024. Rehabilitation and treatment of alcoholic and drug abuse addicts, Amendment of Mombasa alcoholic control act 2014. The funds will also be used for training and capacity building of the Board and Fund’s Secretariat.

Financial Performance

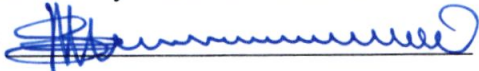
In the year ended 30th June 2024, the fund had projected revenues of Kshs.40, 000,000. Out of the projected revenue, the fund was able to realize KES 39,069,000 in actual collections, representing 97.67% performance. In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (KES)	Actual (KES)	Realization (%)
Revenue	KES	KES	
Public contributions and donations	0	0	0%
Transfers from County Govt.	0	0	0%
Interest income	0	0	0%
Fines, penalties and other levies	40,000,000	39,069,000	97.67%

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Total Income	40,000,000	39,069,000	97.67%
---------------------	-------------------	-------------------	---------------

It is my believe that the annual financial statements presents fairly the state of affairs of the Mombasa County Alcoholic Drinks Control Fund.

Signed: 

Simon Mbaro

Funds Administrator

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

7. Statement of Performance against the County Fund's Predetermined Objectives

Guidance

Through the county development plan on the ease of doing business, the county has adopted the automation of business services using E-citizen system for the application for the liquor license. Non timely disbursement of funds by the national government continues to be a challenge as this leads to delay in execution of program planned activities thus compromising service delivery. Budget implementation continues to be a challenge due to; unrealized local revenues, delayed exchequer releases, and tedious procurement bureaucracies. In addition, the County Government will continue to provide leadership and coordination in county development planning, policy formulation and management, designing effective, efficient and secure systems of collecting revenue, to prudently mobilize and manage resources while ensuring compliance with policies, standards and procedures

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 (2022-2023) are to:

- a) *Public Sensitization on implementation of the Act*
- b) *Revenue collection*
- c) *Develop Human Resource*

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Public Sensitization	(a)Protect the health of the individual in the light of the dangers of excessive consumption of alcoholic drinks;	Create awareness. On the harmful effects of alcohol and substance abuse	No. of ADA cases identified and sensitized.	Public sensitization forums done in six sub counties
	(b)Protect the consumers of alcoholic drinks from misleading or deceptive inducements and inform them of the risks of excessive consumption of alcoholic drinks;	Identify the emerging trends and Prevalence in ADSA- Alcohol, Drugs and Substance Abuse	No of inter-agency meetings held	Inter-agency meeting held in the county
	(c)Protect the health of persons under the age of eighteen years by preventing their access to alcoholic drinks;	Assist the ministry/ government in managing Alcohol, drug and substance abuse through early detection and intervention	No. of administration officers trained Training of primary and Secondary school Teachers on ADSA Training of members of the	Mombasa county Training of ; 1. Administration officers 2. Primary and Secondary school teachers 3. Members of Clergy On ADSA.

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	<p>(d) Inform and educate the public on the harmful health, economic and social consequences of the consumption of alcoholic drinks;</p> <p>(e) Adopt and implement effective measures to eliminate illicit trade in alcohol including smuggling, illicit manufacturing and counterfeiting;</p> <p>(f) Promote and provide for treatment and rehabilitation programmes for those addicted or dependent on alcoholic drinks; and</p> <p>(g) Promote research and dissemination of information on the effects of alcoholic drink consumption, in</p>	<p>Facilitate the implementation of liquor act and other related policies</p> <p>Create partnerships with stakeholders, line ministries and development partners</p> <p>Providing support services which include counselling, Treatment and rehabilitation</p> <p>Developed specific information, education and communication materials on ADSA Control</p>	<p>clergy on ADSA</p> <p>Formulate policy on Alcohol, Drug and Substance Abuse</p> <p>Review the policies periodically</p> <p>Establish counselling desk and resource centre</p> <p>No. of persons treated</p> <p>Identify specific health risks that arise from excessive alcohol consumption</p>	<p>-Amendment of Mombasa alcoholic Drinks control, 2014.</p> <p>-Formulate policy on alcohol, drugs and substance Abuse</p> <p>-Public participation meetings</p> <p>Carried out Surveys on ADSA</p> <p>Planned and Budgeted for treatment and rehabilitation programmes</p> <p>Providing support system that mitigate against ADSA</p> <p>Empowering employees with relevant information and knowledge on effects of Alcohol,</p>
--	--	---	--	--

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	particular the health risks that may arise therefrom.			Drugs and Substance Abuse
Collecting Revenue	<p>(a)Such licence and other fees as may be payable under this Act;</p> <p>(b)Such sums as may be realized from property forfeited to the Government under this Act;</p> <p>(c)Sums received, including contributions, gifts or grants from or by way of testamentary bequest by any person;</p> <p>(d)Moneys earned or arising from any investment of the Fund;</p> <p>(e)All other sums which may in any manner become payable to, or vested in, the Fund.</p>	Compliance with Mombasa alcoholic drink act 2014	No of liquor outlets Licensed	Collected Kshs 39,069,000 FY 2022/2024
Human Resource Development	Capacity Build the Staff and Board.	Making provisions for early detection	1. Identify skill gaps	Participate in training programmes provided by the National

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	<p>(a) The County shall promote public awareness about the health consequences, addictive nature and mortal threat posed by excessive alcoholic drink consumption through a comprehensive nation-wide education and information campaign conducted by the Government through the relevant Ministries, departments, authorities and other agencies including the relevant non-governmental organizations and civil society.</p> <p>(b) The education and information campaign referred to in subsection (1) shall focus on the family as the basic social unit and shall</p>	<p>and intervention mechanisms through capacity building and creation of a conducive environment</p> <p>Create awareness on the harmful effects of alcohol, drugs, and substance abuse at schools , Colleges,</p>	<p>2.Select target group 3.Identify relevant courses</p> <p>No of institutions visited.</p>	<p>Authority Campaign Against Drug Abuse on Alcohol Drugs Substance Abuse Control</p> <p>Created linkages and referral systems Sensitize and create awareness on ADSA.</p>
--	---	---	---	--

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	<p>be carried out in all schools and other institutions of learning, all prisons, remand homes and other places of confinement, amongst the disciplined forces, at all places of work and in all communities in Kenya.</p> <p>(c) The relevant agency in collaboration with the Government and the relevant civil society groups shall provide training, sensitization and awareness programmes on alcoholic drink control for community workers, social workers, media professionals, educators, decision makers, administrators and other concerned persons for</p>	<p>universities, Vocational institutions</p> <p>Create partnerships with stakeholders, line ministries and development partners and relevant civil societies groups</p>	<p>No. of administration officers trained Training of primary and Secondary school Teachers on ADSA</p>	<p>Commitment to maintain an alcohol, drugs and substance free county</p>
--	---	---	---	---

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

8. Corporate Governance Statement

a. No. of Board meetings

The Board held 2 meetings in the year under review whose major agenda under discussion included: 2021/2022 Audit reports; Crackdown on unlicensed liquor outlets; Proposals of 2023/2024 budget; Mombasa County E-Services challenges 2022/2023, Liquor Licensing progress and renewal of the board members. The quorum for the meetings was attained.

b. Succession Plan

The Board has an elaborate succession plan where incoming officers are given 6 months' probation period to undergo induction while under close supervision of the out-going officers. The Board has a lifetime of 3 years (renewable once).

c. Board Charter

The Board has initiated the process of coming up with a service charter to enable the public to understand its mandate.

d. Process of appointment and removal of trustees

The trustees are appointed by the CECM in charge of the Liquor Licensing for period of 3 years (renewable once)

e. Role and functions of the Board Committee members

The Board has the following mandate:

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

- To receive and consider applications for liquor licenses in accordance with the Act;
- To advise the County Executive Committee on matters of policy relating to control and regulation of liquor;
- To collaborate with relevant government agencies for effective implementation of the Act;
- To carry out public education in collaboration with other public and private players on liquor control in the County;
- To facilitate citizen participation in matters related to liquor control;
- To perform any other function as may be assigned to it by the County Executive Member as the County Executive Member may from time to time determine.

f. Induction and training, Administration Committee members and member's performance

In order to enhance performance, the board members will undertake training at Kenya School of Government (Mwongozo) as budgeted for in the Financial Year 2021/2022. In addition, the key management team will also undergo Management and Strategic Leadership Courses at Kenya School of Government.

g. Conflict of interest

Every member of the board with a personal interest in an issue coming before the Board, will be required to declare interest and will not be entitled to vote on the matter. The Fund Manager shall have the right to require his opinion to be recorded in the minutes if the decision being made is contrary to his advice or the Fund Act.

h. Board remuneration

The Board Committee members receive sitting allowances as contained in the Salary Remuneration Commission Boards and Committees Allowance Circular issued from time to time.

i. Ethics and conduct as well as governance audit undertaken: -

-Good Corporate Governance

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

It is set out as the moral health of an organization to evaluate the overall integrity and embraces individual responsibility, social equity and political responsibility. The Fund incorporate good governance through; routine internal audits, risk management, reporting through maintenance of books of account, use of management system in collecting data and revenue collection.

-Accountability

The committee members ensure transparency and disclosure of the fund activities

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

Revenue generated through online licensing of liquor outlets as shown below

<u>ONLINE LIQUOR LICENSING REVENUE COLLECTED PER MONTH BETWEEN JULY 2023 AND JUNE 2024</u>	
Month	Amount (Kshs)
July 2023	2,123,000
Aug 2023	5,474,000
Sept 2023	3,587,000
Oct 2023	2,203,000
Nov 2023	1,563,000
Dec 2023	160,000
Jan 2024	10,000
Feb 2024	9,648,000
Mar 2024	9,853,000
Apr 2024	372,000
May 2024	2,307,000
Jun 2024	1,769,000
Total	39,069,000
APPLICATIONS	849

The management held three meetings in the financial year under review whose main agenda touched on the prospects of raising revenue. In two of the meetings it was resolved that enforcement measures should be taken on unlicensed liquor outlets to increase revenue.

The members also discussed on the ways to reduce challenges faced by the liquor outlets on the issue of using the e - licensing platform.

OPERATIONAL PERFORMANCE

- The fund's core operating activity has been of offering license to operate liquor business within Mombasa County Regulate the production, sale, distribution, consumption and outdoor advertising of alcoholic drinks. The County Government did not release any funds in the FY 2023/2024 hence no support.

Mombasa County Alcoholic Drink Control Fund Annual Report and Financial Statements for the year ended June 30, 2024

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

During the year, the fund was understaffed and the Trustees have decided to review its organization structure that will see some staff being hired to steer the funds vision, mission, objective and strategies forward and grow its earning and portfolio thereby increasing efficiency and effectiveness to its services to its stakeholders.

During the FY 2023/2024, the fund will embark on enhanced stakeholder's sensitization awareness campaigns on underage persons from access and exposure to liquor, consumers of liquor from misleading and deceptive inducements, prevent illicit trade in alcoholic drinks, public participation in the regulation of alcoholic drinks, public education on the lawful dealings in alcoholic drinks. The Trustees will contract a qualified firm to draft this policy manual which will be approved by the Board.

Entity's key projects or investments decision implemented or ongoing

The Fund has embarked on engaging relevant agencies in collaboration with the Government and the relevant civil society groups to provide training, sensitization and awareness programmes on alcoholic drink control for community workers, social workers, media professionals, educators, decision makers, administrators and other concerned persons for proper information, dissemination and education on alcoholic drinks.

Fund's compliance with statutory requirements

The Fund fully complies with all statutory requirements as guided by the Fund Act, Public Finance Management Act and the County Government Act.

10. Environmental and Sustainability Reporting

The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the board of Trustees at its apex. The operations of the fund are governed by Mombasa County Liquor Licensing Act on 2014. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board. Provision of education and information through publications and media advertising outlets on issues such as personal and/or parental responsibility, moderation, under-age drinking, health effects of drinking alcohol through partnership with private manufacturers and retailers within the county.

Through activities designed to influence policy making regarding consumption and production of alcoholic drinks in the county. Such activities include and not limited to publication and dissemination of policy documents e.g. reviews of alcohol policy issues, charters, working papers and guides to policy implementation and policy tool kits; support through partnership in charities that are active in alcohol policy implementation.

Alcoholic drink control fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the country Vision 2030 "Big four" pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

11. Report of the Trustees

The Directorate of liquor control and licensing is established by Mombasa county liquor licensing Act, 2014. It comprises of Director, Chairman and twelve members appointed by the county executive member of the Department of Trade, Tourism and Investment.

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund affairs.

10.1 Principal activities

The principal activities of the Fund are;

- Received and considered applications for liquor license in accordance with the act.
- Advised the County Executive Committee on matter of policy relating to control a regulation of liquor.
- Carried out public education in collaboration with public & private player on liquor control in the county

10.2 Performance

The performance of the Fund for the year ended June 30, 2024, are set out on page 1

10.3 Trustees

The members of the Board of Trustee / Administration Committee who served during the year are shown on page 4.

10.4 Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor General to carry out the audit of the Alcoholic Drink Control fund for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....


Name: Taib Abdulrahman

Chair of the Board

Date: 31/10/2024

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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 Mombasa County Liquor Licensing 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 Alcoholic Drink Control 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 Alcoholic Drink Control 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 Mombasa County Liquor Licensing Act, 2014. 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, 2024, and of the Fund's financial position as at that date.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

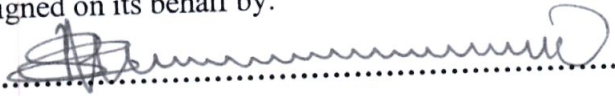
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Alcoholic Drink Control Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

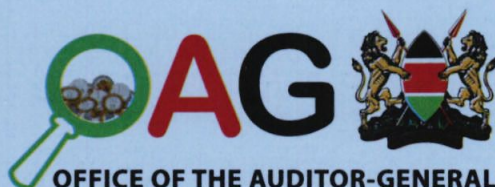
The Fund's financial statements were approved by the Board on 31.10 2024 and signed on its behalf by:


.....

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON MOMBASA COUNTY ALCOHOLIC DRINK CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2024

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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 of the Auditor-General on Mombasa County Alcoholic Drink Control Fund for the year ended 30 June, 2024

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mombasa County Alcoholic Drink Control Fund set out on pages 1 to 44, which comprise the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mombasa County Alcoholic Drink Control Fund as at 30 June, 2024 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 Mombasa County Liquor Licensing Act, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unbanked Revenue

The statement of financial performance and Note 3 to the financial statements reflects fines, penalties and other levies receipts of Kshs.39,069,000 representing applications and license fees. However, this amount was not banked in the Mombasa County Alcoholic Drink Control Fund bank account. Explanation provided by Management that the monies are banked in the Mombasa County Receiver of Revenue (ROR) account was not supported with the details of the ROR bank account used and evidence of the bankings. Further, the financial statements of Mombasa County Receiver of Revenue Fund reflected a balance of Kshs.377,910 in respect to other fines, penalties and forfeiture fees resulting to unexplained variance of Kshs.38,691,090.

[In the circumstances, the accuracy and completeness of the applications and license fees of Kshs.39,069,000 could not be confirmed.

2.0 Doubtful Receivables from County Executive

The statement of financial position and Note 13 and 24 to the financial statements reflects long term receivables from exchange transactions – other exchange debtors and social benefit liabilities of Kshs.154,467,250 and Kshs.38,233,155 respectively. Review of the balances revealed that these are previous and current year's budget expected from the

Report of the Auditor-General on Mombasa County Alcoholic Drink Control Fund for the year ended 30 June, 2024

County Executive. However, the County Executive which report on cash basis of accounting has not provided for pending bills to the Fund in its financial statements.

In the circumstances, the accuracy, completeness and recoverability of the receivables is doubtful.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects expenditure of Kshs.835,845 against actual receipts of Kshs.39,069,000 resulting to an under expenditure of Kshs.38,233,155 or 98% of the actual receipts.

The under expenditure affected the planned activities and may have impacted negatively on service delivery.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Issues

In the auditor's report of the previous year, several issues were raised under report on the financial statements, report on lawfulness and effectiveness in use of public resources and report on the effectiveness of internal controls, risk management and governance. However, the issues remained unresolved as at 30 June, 2024.

Other Information

Management is responsible for the other information set out on page iv to xliii which comprise of Key Entity Information and Management, the Board of Trustees,

Management Team, Board Chairman's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees, Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Mombasa County Alcoholic Drink Control Fund financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Presentation of Financial Statements

The financial statements presented for audit did not include all information as provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- i. pages ii and iii are not numbered,
- ii. the table of content erroneously indicates the statement of performance against predetermined objectives to be in page xxii instead of xxiv,

- iii. pages 2,3,5 and 7 do not have headers and
- iv. the headers on pages 35 to 44 are erroneously indicated as Mombasa County Alcoholic Drinks Car Loan/Mortgage Fund.

Furter, the statement of financial performance reflects total revenue and a surplus for the period of Kshs.39,069,000 and Kshs.38,233,155 respectively. However, the Fund is not in control of the amount because the money is not in its account and therefore cannot be considered as revenue to the Fund and a surplus arising therefrom. In addition, the surplus for the period is erroneously recognized as Kshs.39,054,155 in the statement of changes in net assets and thus overstating the accumulated surplus by a similar amount.

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

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Board of Trustees

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

Report of the Auditor-General on Mombasa County Alcoholic Drink Control Fund for the year ended 30 June, 2024

In preparing the financial statements, Management is responsible for assessing the Fund's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Trustees is 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


27 December, 2024


**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	
Transfers From the County Government	2		
Fines, Penalties and Other Levies	3	39,069,000	39,211,450
		39,069,000	39,211,450
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	-	-
Total Revenue		39,069,000	39,211,450
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	821,000	1,932,800
Depreciation and Amortization Expense	8	13,654	13,654
Finance Costs	9	1,191	-
Total Expenses		835,845	1,946,454
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		38,233,155	37,264,996

(The notes set out on pages xxx to xxx form an integral part of these Financial Statements)


 Name: Mr. Simon Mbaro
 Administrator of the Fund


 Name: CPA Stephen Muiyuro
 Fund Accountant
 ICPAK Member Number: 8916

15. Statement of Financial Position as at 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	1,417	2,608
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		1,417	2,608
Non-Current Assets			
Property, Plant and Equipment	17	103,847	117,501
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	154,467,250	115,398,250
Investment Property	19	-	-
Total non- current assets		154,571,097	115,515,751
Total Assets (A)		154,572,514	115,518,359
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	11,434,100	10,613,100
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	38,233,155	104,905,259
Total current liabilities		49,667,255	115,518,359
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	104,905,259	104,905,259

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Total Liabilities (B)		154,572,514	-
Net Assets (A-B)			
Represented By:			
Revolving Fund			
Reserves			
Accumulated Surplus		143,138,414	37,264,996
Total Net Assets and Liabilities		154,572,514	115,518,359

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 31.10.2024 and signed by:



Name: Mr. Simon Mbaro
Administrator of the Fund



Name: CPA Stephen Muiyuro
Fund Accountant
ICPAK Member Number: 8916

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July (2023)	-	-	78,089,763	78,089,763
Surplus/(Deficit) For the Period	-	-	37,264,996	37,264,996
Funds Received During the Year	-	-	-	-
Transfers	(-)	(-)	(-)	(-)
Revaluation Gain	-	-	-	-
Balance As At 30 June (2023)			115,518,359	115,518,359
Balance As At 1 July (2023)	-	-	115,518,359	115,518,359
Surplus/(Deficit) For the Period	-	-	39,054,155	39,054,155
Funds Received During the Year	-	-	-	-
Transfers	(-)	(-)	(-)	(-)
Revaluation Gain	-	-	-	-
Balance As At 30 June (2024)	-	-	154,572,514	153,751,514

(Provide details on the nature and purpose of reserves)

17. Statement of Cash Flows for the Year Ended 30 June 2024

Description	Note	2023-2024	2022-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		-	-
Payments			
Fund administration expenses		-	70,200
General expenses		-	-
Finance cost		-	-
Other payments		1,191	-
Net cash flows from operating activities	24	1,191	70,200
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(-)	(-)
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		(-)	(-)
Net cash flows used in investing activities		(1,191)	(70,200)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash & cash Equivalents		(1,191)	(70,200)
Cash and cash equivalents at 1 July		2,608	72,808
Cash and cash equivalents at 30 June		1,417	2,608

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

18. Statement of Comparison of Budget and Actual Amounts for the Period 2024

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						
Public Contributions and Donations	-	(-)	-	-	(-)	
Transfers From County Govt.	-	-				
Interest Income	-	-	-	-	(-)	
Other Income	40,000,000	-	40,000,000	39,069,000	931,000	97.67%
Total Income	40,000,000	(-)	40,000,000	39,069,000	(-)	97.67%
Expenses						
Fund Administration Expenses	1,200,000	-	1,200,000	821,000	(379,000)	68.42%
General Expenses	38,798,000	(-)	38,798,000	13,654	(38,784,346)	0.035%
Finance Cost	2,000	(-)	2,000	1,191	809	59.55%
Total Expenditure	40,000,000	(-)	40,000,000	835,845	(39,162,537)	
Surplus For the Period	-	-	-	38,233,155	(39,162,537)	
Capital expenditure	-	-	-	-	-	

Budget notes

1. The underutilization was a result of non-remittance of funds
2. No adjustment was made to the original budget
3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

19. Notes to the Financial Statements

1. General Information

Mombasa County Alcoholic Drink Control Fund is established by and derives its authority and accountability from Mombasa County Liquor Control Act was enacted in 2014. The entity is wholly owned by the Mombasa County Government and is domiciled in Kenya. The entity's principal activity is:-

- Receive and consider applications for liquor licenses in accordance with the Act.
- Provide advice to the County Executive Committee on matters of policy relating to control and regulation of liquor.
- Collaborating with relevant government agencies for effective implementation of the Act.
- Carrying out public education in collaboration with other public and private players on liquor control in the County.
- Involvement with citizen through public participation in matters related to liquor control.

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*

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 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.

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Standard	Effective date and impact
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41. Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> 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.

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Standard	Effective date and impact
	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</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>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that</p>

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Standard	Effective date and impact:
	<p>leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

4. 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 2024 was approved by the County Assembly on 30th June, 2023. 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.

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.

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.

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

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 cash flows 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.

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

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*.

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

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.

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.

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

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.

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

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)

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

20.

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

6. Notes to the Financial Statements Continued

1. Public contributions and donations

Description	2023-2024	2022-2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2023-2024	2022-2023
	Kshs	Kshs
Late Payment Penalties	-	-
Applications and Licence Fees	39,069,000	39,211,450
Total	39,069,000	39,211,450

4. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

(Provide brief explanation for this revenue)

Notes to the Financial Statements Continued

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

5. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (Specify)	-	-
Total	-	-

7. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Office Expenses	-	70,000
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	821,000	1,862,800
Bank Charges	1,191	200
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Description	2023-2024	2022-2023
	Kshs	Kshs
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*	-	-
Total	822,191	1,933,000

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property Plant and Equipment	13,654	13,654
Intangible Assets	-	-
Total	13,654	13,654

9. Finance costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/ (loss) on disposal of assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Xxx Car Loan Account	-	-
Xxx County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	1,417	2,608
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	1,417	2,608

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	1171290918	1,417	2,608
Bank B		-	-
Sub- Total		1,417	2,608
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		1,417	2,608

13. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	154,467,250	115,398,250
Less: Impairment Allowance	(-)	(-)
Total Current Receivables	154,467,250	115,398,250
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	154,467,250	115,398,250

Notes to the Financial Statements Continued

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Additional disclosure on interest receivable

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Receivable		
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	-	-
Current loan repayments due	-	-
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	-	-

14. Prepayments

Description	2023-2024	2022-2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

16. Investments in financial assets

Description	2023-2024	2022-2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance provision	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements (Continued)

17. Property, plant and equipment

Cost	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
At 1st July 2023	-	-	81,331	36,170	117,501
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June 2023	-	-	81,331	36,170	117,501
At 1st July 2023	-	-	81,331	36,170	117,501
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June 2023	-	-	81,331	36,170	117,501
Depreciation And Impairment					
At 1 st July 2023	(-)	(-)	(20,333)	(24,114)	(44,447)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2023	-	-	20,333	24,114	44,447
At 1st July 2023					
Depreciation	(-)	(-)	(7,625)	(6,029)	(13,654)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June 2024	-	-	-	-	-
Net Book Values					
At 30th June 2023	-	-	81,331	36,170	117,501
At 30th June 2024	-	-	73,706	30,141	103,847

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements (Continued)

18. Intangible assets

Description	2023-2024		2022-2023	
	Ken	Ken	Ken	Ken
Cost				
At Beginning of The Year	-	-	-	-
Additions	-	-	-	-
At End of The Year	-	-	-	-
Amortization And Impairment				
At Beginning of The Year	-	-	-	-
Amortization	-	-	-	-
At End of The Year	-	-	-	-
Impairment Loss	-	-	-	-
At End of The Year	-	-	-	-
NBV	-	-	-	-

19. Investment Property

Description	2023-2024		2022-2023	
	Ken	Ken	Ken	Ken
At beginning of the year	-	-	-	-
Additions	-	-	-	-
Disposal during the year	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)
Impairment	(-)	(-)	(-)	(-)
Gain/(loss) in fair value (if fair value is elected)	-	-	-	-
At end of the year	-	-	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	10,613,100		8,654,000	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	821,000		1,959,100	
Total Trade and Other Payables	11,434,100		10,613,100	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	821,000	7.18%	1,959,100	18.45%
1-2 years	1,959,100	17.13%	8,654,000	81.54%
2-3 years	8,654,000	75.68%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	11,434,100		10,613,100	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements (Continued)

22. Borrowings

Description	2023-2024	2022-2023
	KSh	KSh
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	(-)	(-)
Repayments of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

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

Description	2023-2024	2022-2023
	KSh	KSh
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2023-2024	2022-2023
	KSh	KSh
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(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)

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements (Continued)

23. Employee benefit obligations

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

24. Social Benefit Liabilities

Description	2023-2024	2022-2023
	Kshs	Kshs
Health social benefit scheme	143,138,414	104,905,259
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
Total	143,138,414	104,905,259
Current social benefits	38,233,155	37,264,996
Non-current social benefits	104,905,259	67,640,263
Total (tie to totals above)	143,138,414	104,905,259

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements (Continued)

25. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	38,233,155	37,264,996
Adjusted For:		
Depreciation	13,654	13,654
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(39,069,000)	(39,211,450)
Increase In Payables	821,000	93,600
Net Cash Flow From Operating Activities	(201,191)	(1,839,200)

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Notes to the Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

Notes to the Financial Statements (Continued)

28. 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:

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

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (Comparative FY)	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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
At 30 June (Current FY)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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 before tax	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
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	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	xx%	xx%

29. Events after the reporting period

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

30. 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.

31. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 Basis of Qualified Opinion	Inaccuracies in the Financial Statements Budgetary Control and performance	The inaccuracies have now been corrected The current Liquor Act, 2014 had some inadequacies which impacted negatively in the Fund getting funds .The same has been corrected by the repeal of the Act. The Mombasa County Liquor Licensing Bill ,2024 is at the draft stage	Resolved Not Resolved	
Report on Lawfulness and Effectiveness in use of Public Resources				
1.	Irregular Remittances to the County Revenue Fund	This was caused by lack of enabling laws and Legislation which will be solved by repealing The Mombasa County Liquor Licensing Bill ,2024 which is at the draft stage	Not Resolved	

Mombasa County Alcoholic Drinks Car loan/Mortgage fund
Annual Report and Financial Statements for the year ended 30th June 20xx

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.	Failure to Publish Granted Licences in the County Gazette	Due to the high volume of Licences issued and the labour involved the above repealed Act proposes to remove the obligation to publish granted licences	Not Resolved	
3.	Failure to Prepare Interim Financial Statements	There was lack of capacity in the Fund which has now been resolved and for the F/Y 2023/24 all the Quarterly reports have been prepared	Resolved	
4.	Failure to Provide an Approved Budget	The Fund's Budget is incorporated in the Department's Budget	Resolved	
5.	Regulatory Inadequacies	The Mombasa County Liquor Licensing Bill, 2024 which addresses the gaps has been drafted awaiting approval by the County Assembly.	Resolved	
Report on the Effectiveness of Internal Controls, Risk Management and Governance				
1.	Lack of Audit Committee	The advertisement and shortlisting have been completed and interviews conducted. We are now awaiting the placement of selected candidates.	Resolved	
2.	Lack of Strategic Plan	The Fund derived its operational plans from the County Integrated Development Plan (C.I.D.P) as approved by the County Assembly, However the County	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Executive Committee Member for Tourism, Culture and Trade has been tasked to develop the necessary plan.		

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.

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

Date.....30.10.2024

Mombasa County
Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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 30th June 2024 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 <i>[Insert name of beneficiary Fund]</i> as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 th June 20xx				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name SignDate

Mombasa County
Mombasa County Alcoholic Drink Control Fund
 Annual Report and Financial Statements for the year ended June 30, 2024

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Mombasa County

Mombasa County Alcoholic Drink Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

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 (Kshs.)	Comments