

REPUBLIC OF KENYA



REPORT

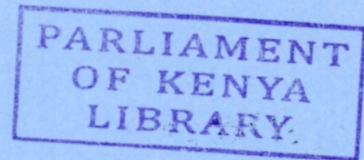
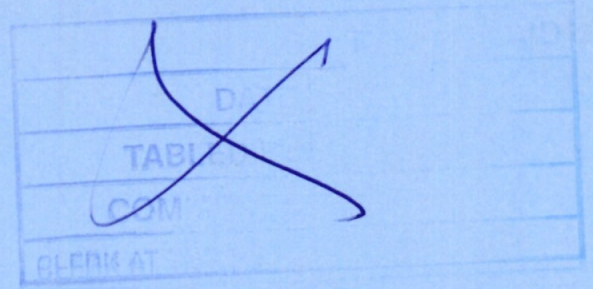
OF

THE AUDITOR-GENERAL

ON

MOMBASA COUNTY ALCOHOLIC DRINK
CONTROL FUND

FOR THE YEAR ENDED
30 JUNE, 2025



| | |
|--------------------|--------------|
| | PAPERS LAID |
| DATE | 19/2/26 |
| TABLED BY | Sen. Olukeni |
| COMMITTEE | |
| CLERK AT THE TABLE | Meg. |



MOMBASA COUNTY ALCOHOLIC DRINK CONTROL FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

(Leave this page blank)

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Table of Contents

| | |
|---|-------|
| 1. Acronyms and Definition of Key Terms | ii |
| 2. Key Entity Information and Management | iii |
| 3. Board of Trustees | viii |
| 4. Management Team | xiii |
| 5. Board Chairperson's Report | xv |
| 6. Report on The Fund Administrator | xviii |
| 7. Statement of Performance Against the County's Fund Predetermined Objectives | xix |
| 8. Corporate Governance Statement | xxvi |
| 9. Management Discussion and Analysis | xxxii |
| 10. Environment and Sustainability Reporting | xxxii |
| 11. Report of The Trustees | xli |
| 12. Statement of Management's Responsibilities | xlii |
| 13. Report of The Independent Auditor on the Financial Statements for Mombasa County Alcoholic Drink Control Fund | xliii |
| 14. Statement of Financial Performance for the Year Ended 30 th June 2025 | 1 |
| 15. Statement of Financial Position As at 30 June 2025 | 2 |
| 16. Statement of Changes in Net Assets for the year ended 30 th June 2025 | 4 |
| 17. Statement of Cash Flows for The Year Ended 30 June 2025 | 5 |
| 18. Statement Of Comparison of Budget And Actual Amounts For The Period 2025 | 6 |
| 19. Notes to the Financial Statements | 8 |
| 20. Annexes | 41 |

1. Acronyms and Definition of Key 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 |
| KES | Kenya Shillings |
| KAHC | Kenya Association of Hotel keepers & Caterers |
| GM | General Manager |
| PWUD | People Who Use Drugs |
| KRA | Kenya Revenue Authority |
| KNBS | Kenya National Bureau of Statistics |
| NACADA | National Authority Campaign Against Alcohol & Drug Abuse |
| CECM | County Executive Committee Member |
| NEMA | National Environment Management Authority |

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

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 & Culture. 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 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, 2025**

c) Board of Trustees

| Ref | Name | Position |
|-----|---|--------------------|
| 1 | Taib Abdulrahman Basheeib | Chairperson |
| 2 | CPA Gloria W. Mwasi Swaleh R. Mwalizuma Pauline Oginga Joyce Ngondi Mwamburi Eddah Soi David Ngamau Gitau Julius Owino Ndeke Hitah Shah Eng. Mariam Mapenzi Hamid Shehan Rukiya Abdulrahman Eng. Ali Shariff Abdulrahman | Committee Members |
| 3 | Simon Mbaro | Fund Administrator |

d) Key Management team

| Ref | Name | Position |
|-----|---------------------|--|
| 1 | Simon Mbaro | Fund Administrator |
| 2 | Pauline Oginga | County Chief Officer- Trade, Culture & Tourism |
| 3 | Swaleh R. Mwalizuma | County Chief Officer- Finance & Investment |
| 4 | CPA Gloria Naitore | Ag. Fund Accountant |

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

| SN | Position | Name |
|----|------------------------------|--|
| 1 | Directorate Internal Audit | CPA Nicholas Mwachiro |
| 2 | Finance and Budget Committee | Chairperson- Mr. Swaleh Mwalizuma Member- CPA Gloria Mwasi Member- Eddah Soi |

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

| | | |
|----|--|---|
| 3 | Audit and Risk management Committee | Chairperson- Mr. David Gitau Internal Auditor- CPA Nicholas Mwachiro Member- Mr. Taib Abdulrahman Member- Mr. Hamid Shehain Member- Eng. Mariam Mapenzi |
| 4. | Governance, Human Resource and Technical Committee | Chairperson – Ms. Joyce Mwamburi Member- Mr. Taib Abdulrahman Member-Eng. Ali Shariff Member- Ms. Hitah Shah Member- Ms. Pauline Oginga |
| 5. | Licensing and Compliance Committee | Chairperson- Mr. Julius Owino Member- Ms. Pauline Oginga Member- Ms. Rukiya Abdulrahman Member- Ms. Joyce Mwamburi |

f) Registered Offices

P.O. Box 90440-80100
Betting Control & Licensing Building
Mombasa, Kenya

g) Fund Contacts

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

h) Fund Bankers

1. Kenya Commercial Bank
Treasury Square Branch
P.O. Box 90254
GPO 80100
Mombasa, Kenya

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025



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

County Government of Mombasa
Office of the County Attorney
Bima Towers 6th Floor
P.O. Box 84569 – 80100
Mombasa, Kenya




3. Board of Trustees

| Name | Details of qualifications and experience |
|--|---|
|  <p data-bbox="225 904 628 936">Taib Abdulrahman- Chairperson</p> | <p data-bbox="756 353 1401 1115">Mr. Taib Abdulrahman is a renowned anti-drug icon in the country and globally. Wealth experience in drug rehabilitation and treatment programs. He is trained addiction counselor and a nadaac certified addiction specialist. He holds a diploma in counseling psychology and vast experience in management and training. He is currently the Executive Director at Reachout Center Trust, an organization initiated early 2003 to provide preventive and treatment services to people affected by or vulnerable to drug abuse & HIV/AIDS in the coastal region of Kenya. He has over 20 years' experience in anti-drug activism dedicating his efforts in harm reduction interventions for PWUD and advocating for universal health rights of the PWUD, further specializing in project/ program design management capacity building & advocacy in the Kenya Harm Reduction Network as a national secretary.</p> |
|  <p data-bbox="225 1514 560 1545">Eddah Soi- Board Member</p> | <p data-bbox="756 1142 1401 1576">Ms. Eddah Soi is 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 to promote a healthy business environment and competition for Kenya's hospitality. She works as Membership officer at KAHC since 2018.</p> |




**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

| | |
|--|--|
|  <p>David Ngamau Gitau- Board Member</p> | <p>Mr. David Gitau is a member of PERAK secretary Mombasa. He holds a position as CEO at Singawa Limited and GM at Nashville restaurant & resort. He holds a bachelor's of science in actuarial science. He is currently pursuing master's.</p> |
|  <p>Hitah Shah- Board Member</p> | <p>Ms. Hitah Shah is a business woman. She is also a manager in EWCA Marketing Kenya Limited.</p> |
|  <p>Joyce Ngondi Mwamburi- Board Member</p> | <p>Ms. Joyce Mwamburi joined a front office apprenticeship with block hotels from December 1992-1993. She did several certificate courses e.g., public relations, introduction to computers, systems and applications, certificate in advocacy, competence and training programmes. She holds certificate in social dialoguing work place issues and certificate in administrative assistant course.</p> <p>In 1995-2002 she worked in Sun n Sands as a receptionist then to a reservations clerk and later to an assistant guest relations officer.</p> <p>In 2002-2003 she was a guest relations officer at African Safari club.</p> <p>In 2008-2009 she was a guest relations officer at Leisure lodge.</p> <p>In 2009-2011 she was an operations manager at Makeeyu Resort.</p> <p>In 2012-2017 worked as a secretary/ administrative assistant at KAHC.</p> |




**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

| | |
|---|---|
| | <p>In 2019-2020 worked as Executive officer at Perak Coast Chapter.</p> |
|  <p>Julius Owino Ndeke- Board Member</p> | <p>Mr. Julius Owino holds a bachelor's of science in Tourism Management, Diploma in Tourism Management. He has 11 years working experience in Tourism industry. He is currently the CEO at Kenya Coast Tourist Association.</p> |
|  <p>Eng. Ali Shariff Adulrahman- Board Member</p> | <p>Eng. Ali Shariff is the County Chief Officer for Transport & Public works. He holds Master of Science in Mobile Telecommunications & innovations; bachelor's in electrical & Telecommunications engineering.</p> |
|  <p>Swaleh R. Mwalizuma- Board Member</p> | <p>Mr. Swaleh Mwalizuma is the County Chief Officer for Finance & Investment. He holds a master's in Project planning and management from JKUAT and a bachelor's in Development studies. He had worked at Kenya Commercial Bank as a relationship manager in SME.</p> |

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**



| | |
|--|---|
|  <p>CPA Gloria W. Mwasi- Board Member</p> | <p>CPA Gloria Mwasi is the County Chief Officer for Education. She holds a degree in economics from Kenyatta University. A certified public accountant and a member of ICPAK. She is currently pursuing master’s degree in project planning and management at University of Nairobi. Ms. Gloria has amassed 15 years of experience in public finance management.</p> |
|  <p>Hamid Shehan- Board Member</p> | <p>Mr. Hamid Shehan is the County Chief Officer for Environment and Solid Waste Management. He holds a Bachelor of Commerce (Accounting & Finance) completed ACCA and Diploma in Information Technology</p> |
|  <p>Eng. Mariam Mapenzi- Board Member</p> | <p>Eng. Mariam Mapenzi is the County Chief Officer of Lands, Urban Planning and Housing. Degree in Biosystems Engineering from the University of Nairobi and Diploma in Project Management from the Kenya Institute of Management. Currently pursuing a master’s degree in project management at the Jomo Kenyatta University of Agriculture and Technology. A member of the Engineers Board of Kenya (EBK), the Institution of Engineers of Kenya (IEK), Environment Institute of Kenya (EIK) and EIA/A associate expert with National Environmental Management Authority (NEMA). She brings on board 11 years’ experience from the construction, water and sanitation industry.</p> |

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

| | |
|---|--|
|  <p>Rukiya Abdulrahman- Board Member</p> | <p>Ms. Rukiya Abdulrhaman is the County Chief Officer for Public Health.</p> |
|  <p>Pauline Oginga- Board Member</p> | <p>Ms. Pauline Oginga is the County Chief Officer for Trade, Tourism & Culture. She holds a Master's in public health, Post graduate diploma in Monitoring & Evaluation, bachelor's degree in Public Health and diploma in Nursing. She is currently pursuing a doctorate in Philosophy degree in Public Health.</p> |
|  <p>Simon Mbaro-Fund administrator/ Secretary to the Board</p> | <p>Mr. Simon Mbaro is the Director for Liquor Control and Licensing. He holds a degree in Sociology from University of Moi. He is currently pursuing master's in public policy & administration. He has amassed 26 years of experience in the civil service.</p> |

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

4. Management Team

| Name | Details of qualifications and experience |
|--|--|
|  <p data-bbox="233 817 671 846">Simon Mbaro- Fund Administrator</p> | <p data-bbox="831 398 1437 629">Mr. Simon Mbaro is the Director for Liquor Control and Licensing. He holds a degree in Sociology from University of Moi. He is currently pursuing master's in public policy & administration. He has amassed 26 years of experience in the civil service</p> |
|  <p data-bbox="233 1317 719 1379">Pauline Oginga- County Chief Officer- Trade, Culture & Tourism</p> | <p data-bbox="831 869 1437 1144">Ms. Pauline Oginga is the County Chief Officer for Trade, Tourism & Culture. She holds a Master's in public health, Post graduate diploma in Monitoring & Evaluation, bachelor's degree in Public Health and diploma in Nursing. She is currently pursuing a doctorate in Philosophy degree in Public Health.</p> |

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**



Swaleh R. Mwalizuma- County Chief Officer- Finance & Investment

Mr. Swaleh Mwalizuma is the County Chief Officer for Finance & Investment. He holds a master’s in Project planning and management from JKUAT and a bachelor’s in Development studies. He had worked at Kenya Commercial Bank as a relationship manager in SME.



1. CPA Gloria Naitore- Ag. Fund Accountant

Ms.Gloria Naitore is a business and data analyst with extensive experience in public sector, finance and administration. Currently pursuing a Post Graduate Program in Data Science and Business Analytics at the University of Texas at Austin, she is skilled in tools such as Power BI, Excel, R, and Python, using data to inform strategic decision-making.

She has a proven track record in financial reporting, compliance, risk management, and IFMIS implementation, having led audits, streamlined budgeting processes, and improved transparency. Passionate about data visualization and machine learning, Gloria applies data-driven solutions to enhance efficiency and innovation in financial and operational functions. She is a certified Public Accountant of Kenya, CPA (K)

Note: The Fund Administrator will feature under both the 'Board' and 'Management'.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

5. Board Chairperson's Report

The Directorate of Liquor Control and Licensing undertook various activities to align with its mandate in the fight against alcohol and drug abuse. Such activities include participation in the International Day Against Drug Abuse (IDADA) and Epuka Mihadarati Cheza Futa tournament.

International Day Against Drug Abuse (IDADA)- 26th June 2025

The Directorate commemorates the International Day Against Drug Abuse (IDADA) on 26th June 2025. This sensitization program focused on raising public awareness about the harmful effects of drug and substance abuse within our county. The event brought together stakeholders including law enforcement, health sector representatives and community leaders to educate the public on drug prevention.

Epuka Mihadarati Cheza Futa tournament- 22nd to 31st December 2024

The Epuka Mihadarati Cheza Futa tournament was held from 22nd to 31st December 2024. This ten-day sports-based sensitization program utilized football to engage youth and promote healthy alternatives to substance abuse. The tournament successfully combined sports activities with anti-drug messaging, reaching young people during the festive season.

Both programs successfully achieved their objectives of sensitizing the Mombasa County community about drug and substance abuse prevention, reinforcing the Directorate's commitment to its regulatory and preventive mandate.

Future outlook

The year 2025/2026 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.

Conclusion

I am taking 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 to another fabulous and continued support in the financial year 2025/2026.

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

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Name Tim Anwarshani Signature [Signature] Date 22/10/25

Chairperson of the Board

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

6. Report on The Fund Administrator

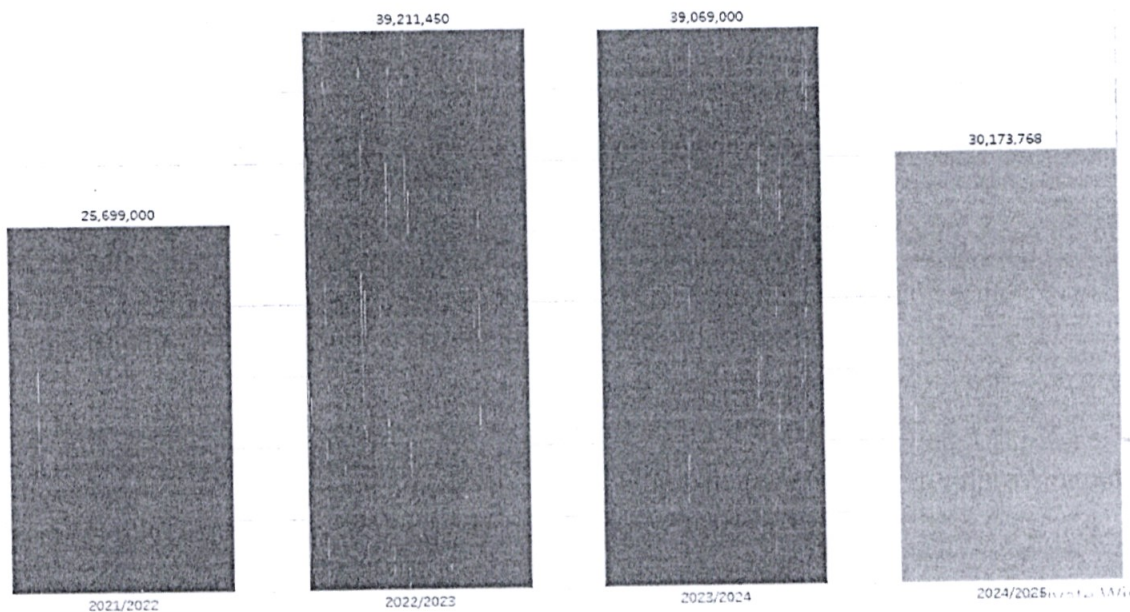
In accordance with section 22. (1) of the Mombasa County Liquor Licensing Act 2014, which states that the Director shall ensure that the accounts for the Fund and the annual financial statements relating to those accounts comply with the requirements of the Public Finance Management Act and the Public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

I am therefore glad to oversee the presentation of the final statements for the financial year ended 30th June 2025 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 our liquor licensing collection steadily as the figure below shows.

REVENUE COLLECTION AMOUNT IN KSHS



Implementation challenges of strategic objectives were:

Insufficient support from stakeholders in the liquor sector; 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.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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 revenue and reduce cases of revenue loss, hence sustainability of the Fund.

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

Future Programs.

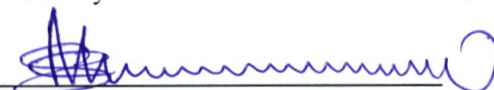
The Fund is looking forward to carrying out advocacy and prevention programs on alcohol and drug abuse control as budgeted in the FY 2025/2026. Rehabilitation and treatment of persons with substance use disorders (SUDs), Amendment of Mombasa alcoholic control act 2014. The funds will also be used for training and capacity building of the Board and Fund’s Secretariat.

Financial Performance

In the year ended 30th June 2025, the fund had projected revenues of KES.35, 000,000. Out of the projected revenue, the fund was able to achieve KES 30,173,768 in actual collections, representing 86% 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 | 35,000,000 | 30,173,768 | 86% |
| Total Income | 35,000,000 | 30,173,768 | 86% |

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

Signed: 

Simon Mbaro

Funds Administrator

Date: 28-10-2025

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

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. However, from January 2025, the Liquor Licensing process was moved to another platform. 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 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 (2024-2025) are to:

- a) Enforcement of the Mombasa Liquor Control and Licensing Act, 2014
- b) Revenue collection
- c) Carry out Alcohol and Drug Abuse preventive programs
- d) Support Rehabilitation services

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|----------------------|--|---|---|---|
| Public Sensitization | 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. | Soccer tournament is held in all six sub-counties with ADA preventive messaging |

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

| | | | | |
|--|---|--|--|---|
| | <p>Protect the consumers of alcoholic drinks from misleading or deceptive inducements and inform them of the risks of excessive consumption of alcoholic drinks.</p> <p>(c)Protect the health of people under the age of eighteen by preventing their access to alcoholic drinks.</p> <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</p> | <p>Identify the emerging trends and Prevalence in ADSA- Alcohol, Drugs and Substance Abuse</p> <p>Assist the ministry/ government in managing Alcohol, drug and substance abuse through early detection and intervention</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</p> | <p>No. of inter-agency meetings held</p> <p>No. of administration officers trained</p> <p>Training of primary and Secondary school Teachers on ADSA</p> <p>Training of members of the 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 center</p> <p>No. of people treated</p> <p>Identify specific health risks that arise from excessive alcohol consumption</p> | <p>Inter-agency meeting held in the county</p> <p>Mombasa county Training of.</p> <p>1.Administration officers</p> <p>2.Primary and Secondary school teachers</p> <p>3.Members of Clergy On ADSA.</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>Establishment of MAT program at Jela Baridi</p> <p>Providing support system that mitigates against ADSA</p> <p>Empowering employees with relevant information and knowledge on effects of</p> |
|--|---|--|--|---|

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

| | | | | |
|---------------------------|--|---|---------------------------------------|---|
| | <p>treatment and rehabilitation programs for those addicted or dependent on alcoholic drinks.</p> <p>(g) Promote research and dissemination of information on the effects of alcoholic drink consumption, in particular the health risks that may arise therefrom.</p> | <p>materials on ADSA Control</p> | | <p>Alcohol, Drugs and Substance Abuse</p> |
| <p>Collecting Revenue</p> | <p>(a) Such license 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</p> | <p>Compliance with Mombasa alcoholic drink act 2014</p> | <p>No. of liquor outlets Licensed</p> | <p>Collected KES. 30,173,768 FY 2024/2025</p> |

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

| | | | | |
|----------------------------|---|--|---|---|
| | <p>investment of the Fund.</p> <p>(e) All other sums which may in any manner become payable to, or vested in, the Fund.</p> | | | |
| Human Resource Development | <p>Capacity Build the Staff and Board.</p> <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</p> | <p>Making provisions for early detection and intervention mechanisms through capacity building and creation of a conducive environment</p> | <p>1. Identify skill gaps 2. Select target group 3. Identify relevant courses</p> | <p>Participate in training programs provided by the National Authority Campaign Against Drug Abuse on Alcohol Drugs Substance Abuse Control</p> |

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

| | | | | |
|--|---|---|--|---------------------------------------|
| | <p>persons for proper information, dissemination and education on alcoholic drinks.</p> <p>(d) In conducting the education and information campaign referred to in this section, the relevant agency and Government shall ensure the involvement and participation of individuals and groups affected by misuse of alcoholic drinks.</p> <p>(e) Every local authority in collaboration with the civil society and the relevant agency, shall conduct education and information campaigns on alcoholic drink within its area of jurisdiction</p> | <p>Establish a corporate culture and practices that prevent and pre-empt alcohol, drugs and substance abuse in the county</p> | <p>No. of administration officers trained Training of primary and Secondary school Teachers on ADSA Training of members of the clergy on ADSA</p> <p>No. of inter-agency meetings held</p> | <p>Regular inter-agency meetings.</p> |
|--|---|---|--|---------------------------------------|

8. Corporate Governance Statement

The trustees are appointed by the CECM in charge of Liquor Licensing for period of 3 years (renewable once). However, the names of the nominees are presented by the institutions as stipulated in the Mombasa Liquor Licensing Act, 2014. The Board consists of six board members, six ex-official members and a fund administrator

i. Roles and functions of the board

The board has the following mandate:

- 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 functions as may be assigned to it by the County Executive Member from time to time.

ii. Induction, training, and development

To enhance performance, the board members will undertake training at Kenya School of Government (Mwongozo) as budgeted for in the financial year 2023-2024. In addition, the key management team will also undergo Management and Strategic Leadership Courses at Kenya School of Government.

iii. Board and members' performance

The board held 3 meetings in the year review whose major agenda under discussion included: 2024-2025 progress and performance reports, crackdown on unlicensed liquor outlets, proposals of 2025-2026 budget, Mombasa County E-services challenges 2024-2025, Liquor licensing progress. The quorum for the meetings was attained.

iv. 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 outgoing officers. The Board has a lifetime of 3 years (renewable once).

Board Charter

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

The Board has initiated the process of coming up with a board charter to enable the public to understand its mandate. A draft charter has been developed

v. Policy to manage 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 Administrator 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 Fund Act.

vi. Board remuneration

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

vii. Ethics and Conduct

Good Corporate Governance

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.

viii. Terms of Reference for Committees

To promote accountability, efficiency, and transparency in its operations, the Fund has established specialized committees to oversee key governance, operational, and strategic functions.

Purpose of the committees

The committees are established to:

- Strengthen corporate governance and internal controls within the Fund.
- Provide technical advice, oversight, and review in their respective areas.
- Ensure compliance with relevant legislation, including the Public Finance Management Act, 2012, Mombasa County Liquor Licensing Act, 2014, Public Procurement and Asset Disposal Act, 2015, and County Government Regulations.
- Enhance operational efficiency, transparency, and service delivery.

Committee Structure

The following standing committees shall be established under the Fund:

1. **Finance and Budget Committee**
2. **Governance, Human Resource and Technical Committee**
3. **Licensing and Compliance Committee**
4. **Audit and Risk management Committee**

Ad hoc committees may also be constituted from time to time to address emerging or special matters.

A. FINANCE AND BUDGET COMMITTEE

Mandate:

To oversee the financial planning, budgeting, and resource utilization of the Fund in accordance with the Public Finance Management (PFM) Act, 2012.

Functions:

1. Review and recommend the annual budget estimates and work plans for approval by the Board.
2. Monitor funds utilization and adherence to budgetary allocations.
3. Oversee revenue collection, banking, and remittance processes in liaison with the County Treasury.
4. Review financial performance reports, including income, expenditure, and cash flow statements.
5. Recommend policies on financial management, procurement, and investment of surplus funds.
6. Ensure compliance with PFM Regulations, 2015, and relevant county treasury circulars.

Meeting Frequency:

Quarterly, or as may be required.

B. GOVERNANCE, HUMAN RESOURCE AND TECHNICAL COMMITTEE

Mandate:

To provide oversight on governance, policy implementation, and human resource matters within the Fund.

Functions:

1. Oversee the implementation of Board resolutions and statutory mandates.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

2. Review and recommend human resource policies, staffing levels, recruitment, training, and welfare matters.
3. Ensure performance management systems are in place and functional.
4. Promote good corporate governance in line with the Mwongozo Code.
5. Oversee technical operations, including education, public awareness, and community outreach programs.
6. Review policies related to capacity building, occupational safety, and staff development.

Meeting Frequency:

Quarterly, and as needed.

C. LICENSING AND COMPLIANCE COMMITTEE

Mandate:

To oversee the licensing process and ensure adherence to the Mombasa County Liquor Licensing Act, 2014 and related regulations.

Functions:

1. Review and approve liquor license applications in accordance with the law.
2. Conduct site inspections and verify compliance with licensing conditions.
3. Recommend revocation, suspension, or renewal of licenses based on compliance status.
4. Oversee enforcement of responsible alcohol sale and distribution practices.
5. Review public complaints and recommend corrective actions.
6. Promote public awareness on responsible alcohol consumption.
7. Review and approve or recommend issuance, renewal, or revocation of liquor licenses.
8. Oversee compliance inspections and enforcement actions against unlicensed establishments.
9. Develop and review standard operating procedures for licensing, compliance, and enforcement.
10. Monitor adherence to public health, zoning, and safety regulations in licensed premises.
11. Collaborate with law enforcement and community groups to curb illicit liquor trade.
12. Review complaints and appeals related to licensing and recommend appropriate action.

Meeting Frequency:

Monthly, or as necessary during licensing cycles

D. AUDIT AND RISK MANAGEMENT COMMITTEE

Mandate:

To provide independent assurance on the adequacy and effectiveness of internal controls, risk management, and governance processes of the Fund.

Functions:

1. Review internal and external audit reports, management responses, and implementation of audit recommendations.
2. Oversee the preparation and execution of the Annual Audit Plan.
3. Identify, assess, and monitor strategic and operational risks affecting the Fund.
4. Ensure the Fund maintains an effective risk management framework.
5. Liaise with the Office of the County Auditor and Internal Audit Department to ensure compliance with standards.
6. Provide oversight on fraud prevention, ethics, and accountability mechanisms.

Meeting Frequency:

Quarterly, and as needed.

General Provisions

- **Quorum:** A simple majority of members present, including the Chairperson or Secretary, shall constitute a quorum.
- **Reporting:** Each Committee shall submit minutes and quarterly reports to the Fund Board for review and consolidation.
- **Tenure:** Members shall serve for a term concurrent with the Board's tenure, unless otherwise directed.
- **Secretariat Support:** The Fund Administrator shall provide secretarial services for all committees. Preparing meeting notices, agendas, and minutes. Keeping records and ensuring timely follow-up of committee resolutions. Preparing reports for submission to the Board.
- **Conflict of Interest:** All members must declare any potential conflict of interest and recuse themselves from related deliberations.
- **Review of ToR:** These Terms of Reference shall be reviewed every three (3) years or upon need.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

These Terms of Reference are adopted by the Board of the Mombasa County Alcoholic Drinks Control Fund in accordance with Section 45 of the Mombasa County Liquor Licensing Act, 2014, on 20th December, 2024.

9. Management Discussion and Analysis

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 ways to reduce the challenges faced by the liquor outlets on the issue of using the e - licensing platform. As people are not going to forsake drinking any time soon, there is 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 functions of the Fund and provide for winding up procedures. These and any other shortcomings in the law will be looked at and rectified.

10. Environment and Sustainability Reporting

i) Sustainability strategy and profile

High inflation levels have led to diminishing disposable incomes. As households struggle to make ends meet, businesses have been equally hit hard. This has led to many liquor outlets closing. Majority of the existing liquor outlets have struggled to pay the pre-requisite county and national government fees including liquor license fees. This has forced the Board to increase its enforcement exercise to enhance compliance. The Sustainable Development Goal (SDG) related to Alcohol and Drug Abuse is SDG 3: Good Health and Well-being and specifically target 3.5 of this goal which aims to 'strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol. Harmful use of alcohol and drug abuse negatively impact on nearly all aspects of SDG 3, contributing to various diseases, including infectious and non-communicable diseases. The board's strategies will mitigate the effects of Alcohol and Drug Abuse.

During the reporting period, various preventive programs were carried out where the youth were involved in sporting activities during which messages on prevention of alcohol and drug abuse were communicated. The international Day against Drug Abuse and Illicit Trafficking was celebrated. The biggest challenge was the delay in launching the current Liquor Licensing platform which led to non-payment of liquor licenses for the month of January, February and most of March. However, this has been rectified, and the system is working efficiently.

ii) Environmental performance

1. Environmental Policy Guiding the Organization

The Mombasa County Alcoholic Drinks Control Fund (MCADCF), established under the Mombasa County Liquor Licensing Act, 2014, recognizes environmental sustainability as central to promoting public health, responsible alcohol trade, and socioeconomic development.

Policy Statement:

MCADCF is committed to integrating sound environmental management practices into all aspects of its regulatory, administrative, and operational activities. The Fund ensures that all functions, including licensing, inspections, and community outreach, are conducted in an environmentally responsible manner.

Policy Objectives:

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

- To comply with environmental regulations as prescribed under the Environmental Management and Coordination Act (EMCA), 1999 (as amended in 2015).
- To minimize the environmental footprint of the Fund’s operations and supported programs.
- To promote sustainable waste management practices — reduce, reuse, and recycle.
- To support biodiversity conservation and climate change mitigation within Mombasa County.
- To sensitize licensed entities on proper waste disposal, pollution prevention, and sustainable business practices.

2. Evidence of Policy Implementation

| <u>Initiative</u> | <u>Implementation Activity</u> | <u>Evidence / Indicator</u> |
|----------------------------|--|---|
| • Waste Segregation | Provision of color-coded bins for recyclable, organic, and general waste in offices and compounds. | Procurement records, photographs, inspection reports |
| • Paperless Office | Adoption of automated systems (IFMIS, HRMIS, digital correspondences, and electronic licensing). | Reduced stationery procurement, internal memos on digital communication |
| • Plastic Waste Reduction | Replacement of bottled water with refillable dispensers and reusable glass bottles. | Procurement and stock records |
| • Vehicle Emission Control | Scheduled vehicle maintenance to reduce CO ₂ emissions. | Fleet servicing logs and inspection reports |
| • Green Procurement | Preference for biodegradable and environmentally friendly office supplies. | Procurement documents |

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

| | | |
|--|--|--|
| <ul style="list-style-type: none"> Community Sensitization | Environmental awareness campaigns for bar owners and community groups on waste disposal and noise pollution. | Attendance registers, photos, reports |
| <ul style="list-style-type: none"> Tree Planting and Beautification | Collaboration with the County Department of Environment in tree planting drives. | Activity reports, photos, seedlings receipts |

3. Successes Achieved

- Significant reduction in paper use through automation of licensing and financial reporting systems.
- Reduced use of single-use plastics in daily operations.
- Enhanced environmental consciousness among staff and licensees through sensitization workshops.
- Improved waste segregation and collection at Fund premises.
- Adoption of energy-efficient lighting (LED bulbs and solar units).
- Active participation in county clean-up exercises and coastal greening programs.

4. Shortcomings / Challenges

| <u>Challenge</u> | <u>Description</u> |
|-------------------------------------|---|
| Inadequate budget allocation | Limited resources for large-scale green projects (e.g., full solar adoption). |
| Staff compliance gaps | Some staff occasionally default on waste segregation procedures. |
| Limited environmental data tracking | Lack of consistent monitoring tools for measuring environmental performance. |

| <u>Challenge</u> | <u>Description</u> |
|----------------------------------|---|
| Weak enforcement among licensees | Some liquor businesses fail to adhere to environmental cleanliness standards. |
| Delayed waste collection | Occasional delays from county waste management service providers. |

5. Mitigation Measures

| <u>Identified Challenge</u> | <u>Proposed Mitigation Measure</u> |
|---|--|
| <ul style="list-style-type: none"> • Budget constraints | <ul style="list-style-type: none"> • Integrate environmental projects into annual budget and seek partnership with NEMA, NGOs, and private sector CSR programs. |
| <ul style="list-style-type: none"> • Staff non-compliance | <ul style="list-style-type: none"> • Conduct quarterly environmental awareness sessions and link compliance to performance appraisal. |
| <ul style="list-style-type: none"> • Weak enforcement | <ul style="list-style-type: none"> • Incorporate environmental compliance checks during licensing inspections. |
| <ul style="list-style-type: none"> • Poor waste collection | <ul style="list-style-type: none"> • Engage certified private waste handlers to supplement County services. |
| <ul style="list-style-type: none"> • Data tracking | <ul style="list-style-type: none"> • Develop an Environmental Performance Register and reporting templates. |

6. Efforts to Manage Biodiversity

- Collaboration with the County Department of Environment and Forestry to rehabilitate green spaces within Mombasa.
- Support and participation in tree planting activities during World Environment Day and County Clean-Up Days.
- Adoption of native and drought-resistant coastal tree species for greening Fund offices and community spaces.
- Environmental awareness programs emphasizing conservation and responsible natural resource use.

7. Effective Waste Management Practices

| <u>Category</u> | <u>Key Activities</u> |
|-----------------|---|
| • Reduce | • Minimize printing through electronic communication and record-keeping. Use bulk procurement to limit packaging waste. |
| • Reuse | • Use refillable toner cartridges, reusable water bottles, and durable office equipment. |
| • Recycle | • Segregate recyclable waste (plastic, glass, paper) and forward to licensed recyclers. |
| • Disposal | • Partner with NEMA-approved waste handlers for safe collection and disposal of non-recyclables and hazardous waste. |

8. Efforts to Reduce Environmental Impact of Operations and Products

- Automation of Systems: Adoption of Finsprint system on liquor licensing to minimize paper usage.
- Energy Efficiency: Use of solar lighting and energy-saving bulbs in offices.
- Waste Segregation: Clearly labelled bins for recyclable, organic, and hazardous waste.
- Reduced Plastic Use: Water dispensers replace bottled water; biodegradable packaging for outreach materials.
- Fleet Maintenance: Regular vehicle servicing and inspection to limit Carbon dioxide emissions.
- Green Procurement: Preference for suppliers offering eco-friendly, non-toxic materials.

9. Climate Change Initiatives

**Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

| <u>Area</u> | <u>Initiative</u> | <u>Description</u> |
|-----------------------------------|---|--|
| Renewable Energy | Solar lighting and heating systems | Installed solar units to supplement electricity and reduce carbon footprint. |
| Energy Efficiency | Automated lighting systems | Offices designed with natural ventilation, open layouts, and motion sensors. |
| Eco-Friendly Technologies | Eco-jikos and eco-toilets | Supported through community awareness programs and CSR projects. |
| Climate Smart Agriculture Support | Promotion of drought-resistant crops in awareness campaigns | Collaboration with County Agriculture and Environment Departments. |
| Green Building Concept | Office designs incorporate natural lighting, cross ventilation, and minimal artificial cooling. | Implemented in new or renovated office spaces. |
| Climate Sensitization | Staff training and stakeholder engagement on County Climate Action Plan | Attendance records and training reports available. |

iii) Employee welfare

Currently all the employees of the Directorate are recruited and posted by the Mombasa County Public Service Board. The Human Resource is managed through the County Public Administration Department in terms of training and career development. This includes the annual Staff Appraisal.

iv) Market place practices-

The organization outlines its efforts to:

a) Responsible competition practice.

In terms of political involvement, the directorate's employees are non-partisan. All procurement processes are undertaken under the guidance of the office of the County Director of Procurement. The liquor licensing has been automated from application to issuance of licenses ensuring a cashless payment system.

b) Responsible Supply chain and supplier relations

The Directorate ensures that all procurement is undertaken under the guidance of procurement officers from the Department of Finance and Investment.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

The Directorate through the sub-county liquor officers ensures constant communication with owners of Liquor outlets and the citizenry. A meeting with liquor stakeholders was held in the month of June 2025. We plan to have quarterly meetings with stakeholders in the liquor sector. Inter-Agency activities have also been held by County Government of Mombasa and NACADA to assess the liquor business landscape and disseminate the necessary information to the public and business owners.

d) Product stewardship or Awareness creation

The liquor licensing process involves the department of public health to ensure that the liquor outlets adhere to public health regulations to ensure they do not pose any danger to the health of the consumers. The public works department ensures the structure of the integrity of the outlets to ensure the safety of the public. Multi-agency enforcement activities are often held which includes NACADA, KNBS, KRA, Kenya Anti-counterfeit Authority and the Kenya Police to weed out illicit alcoholic products.

d) Corporate Social Responsibility / Community Engagements

To engage the Youth to keep them away from the vices that may lead to Drugs and substance abuse, the directorate gave out 300 footballs to adolescents. This was in partnership with the Visa Oshwal Community. The balls were handed over to schools' sports administrators to be Distributed to all the six sub-counties.

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are in page (iii)

Results

The results of the Financial Performance of the Fund for the year ended June 30, 2025 are set out on page 1.

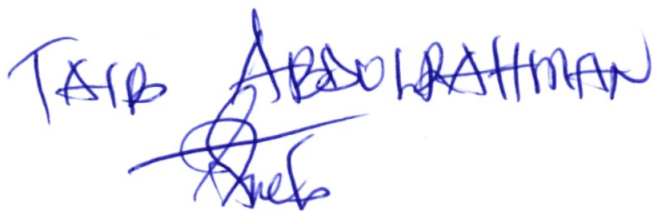
Trustees

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

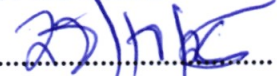
Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


.....

Chair of the Board

Date: 
.....

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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 of 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board. Subsequently, Section 22 (3) (b) of the Mombasa County Liquor Licensing Act 2014, requires that the Director to prepare accounts for the Fund for each financial year and submit financial statements relating to that account to the Auditor-General

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and 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, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 26th August, 2025 and signed on its behalf by:

.....


Fund Administrator

REPORT OF THE AUDITOR-GENERAL ON MOMBASA COUNTY ALCOHOLIC DRINK CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2025

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.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable reporting framework. The Report on the 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 ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Mombasa County Alcoholic Drink Control Fund set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of

significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Mombasa County Alcoholic Drink Control Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Mombasa County Liquor Licensing Act, 2014, and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccurate Statement of Financial Performance

The statement of financial performance reflects total expenses of Kshs.23,190,658 which differs with the recalculated amount of Kshs.22,424,486. The resulting variance of Kshs.766,172 was not explained or reconciled.

In the circumstances, the accuracy of the total expenses of Kshs.23,190,658 could not be confirmed.

2. Inaccurate Statement of Changes in Net Assets

The statement of changes in net assets reflects a balance as at 30 June, 2025 of Kshs.150,121,524 which includes prior year adjustment of Kshs.11,434,100 which is explained as an arithmetical error in the financial year 2023/2024. However, no explanation was provided for failure to make the adjustment in prior year and restate the financial statements as required under IPSAS 3. Further, the statement reflects opening balance of funds received during the year of Kshs.39,054,155 and a Nil balance of surplus for the period which differ with prior year audited balances of Nil and Kshs.37,264,996 respectively. No explanation was provided for the variances.

In the circumstances, the accuracy and completeness of the net assets balance of Kshs.150,121,524 could not be confirmed.

3. Inaccurate Trade and Other Payables from Exchange Transactions

The statement of financial position and Note 25 to the financial statements reflects Kshs.12,200,272 in respect of trade and other payables from exchange transactions. However, the opening balance of Kshs.11,314,100 differs with the prior year audited balance of Kshs.11,434,100 resulting to a variance of Kshs.120,000. Further, recalculation of the closing balance shows Kshs.11,314,100 resulting in an unexplained variance of Kshs.766,172.

In the circumstances, the accuracy, completeness and existence of the trade and other payables from exchange transactions balance of Kshs.12,200,272 could not be confirmed.

4. Unsupported Changes in Social Benefit Liabilities Balances

The statement of financial position and Note 29 to the financial statements reflect Nil balance for social benefit liabilities as at 30 June, 2025 in respect of current liabilities and non-current liabilities which differ with audited prior year balances of Kshs.38,233,155 and Kshs.104,905,259 respectively. However, the changes in these balances were not explained or adjusted in the financial statements.

In the circumstances, the accuracy and completeness of the liabilities balance of Kshs.12,200,272 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget and actual amounts on comparable basis of Kshs.105,001,417 and Kshs.30,175,185 respectively, resulting in under-funding of Kshs.74,826,232 or 71% of the budget. Similarly, the entity spent Kshs.23,074,064 against actual receipts of Kshs.30,175,185 resulting in over-absorption of Kshs.7,101,121 or 24% of the budget.

The under-funding affected the planned activities of the Fund and may have impacted negatively on services delivery to the public while over-expenditure indicates unrealistic budgeting.

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. Except for the effect of the matters described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Issues

In the prior year audit report, three issues were raised under the reports on Financial Statements and Lawfulness and Effectiveness in the Use of Public Resources. These include unbanked revenue, doubtful receivables from County Executive and

presentation of financial statements. Review of the status during audit of the Fund in 2024/2025 revealed that the matters remained unresolved.

Other Information

The Management is responsible for the Other Information set out on page iii to xlii which comprise of Key Entity Information and Management, The Board of Trustees, Management Team, Chairman's Statement, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees, Statement of Management Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's 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. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

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, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on the Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Direct Procurement of Goods and Services

The statement of financial performance and Note 12 to the financial statements reflects Kshs.23,654,647 in respect of use of goods and services which includes Kshs.14,500,200 incurred on advertising, awareness, and publicity campaigns. Included in the expenditure on advertising, awareness, and publicity campaigns is Kshs.8,381,250 paid to service providers and suppliers during the year. However, Management did not provide procurement records for audit review to show how the suppliers and service providers were identified, procured and contracted without

justification as required under Section 103 of Public Procurement and Asset Disposal Act, 2015, which require procurement processes to be conducted competitively and supported by adequate documentation.

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

2. Non-Compliance with Data Protection Act

Management collects and manages liquor outlet data using the Fingerprint Revenue Management System, which captures sensitive personal information such as name, phone number, and location of licensees. However, the entity did not provide a certificate of registration from the Office of the Data Protection Commissioner (ODPC) to confirm that it is registered as a data controller or data processor as required. This is contrary to Section 18(1) of the Data Protection Act, 2019, which prohibits any person from acting as a data controller or processor without registration by the Data Commissioner.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Prepare and Approve the Board Annual Work Plan

Review of Board activities revealed that no annual work plan was prepared and approved for the financial year to guide its activities, oversight functions, and strategic activities. In addition, the Fund did not have an approved organizational structure (organogram) to define reporting lines, hierarchy, and accountability relationships among departments and staff. This is contrary to Paragraph 1.9 of the Mwongozo Code of Governance, which requires every Board to develop and implement an annual work plan that, at minimum, covers Management's implementation of strategies and policies, risk assessment and management, budgeting and financial oversight, quality assurance, Board evaluation, strategic planning, and governance compliance.

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.

2. Gaps in Board Skills and Statutory Compliance

Review of Board members' academic and professional profiles revealed that the board lacked members with expertise in legal or regulatory, law enforcement, County inspectorate, or NACADA, and adequate capacity in education and public advocacy. This is contrary to the Mwongozo Code of Governance for State Corporations (2015), which requires Boards to be properly constituted with an appropriate mix of skills, experience, and professional backgrounds to effectively discharge their mandate. It is also inconsistent with Governance Parameter 8.4 of Mwongozo, which mandates boards to ensure that legal compliance audits are conducted annually to assess conformity with applicable laws, regulations and standards.

In the circumstances, effectiveness of review and evaluation of legal issues in the board could not be confirmed.

3. Incomplete Asset Register

Records reviewed revealed that the Fund owns various items of property, plant, and equipment; however, the fixed asset register provided for audit was incomplete. The register lacked key details such as date of purchase, asset description, cost, location, responsible officer, asset class, condition, and tagging information. This is contrary to Regulation 132(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires accounting officers to establish both electronic and manual processes to ensure effective, efficient, economical, and transparent management of assets.

In the circumstances, the existence of proper and effective system of controls on assets to eliminate theft, wastage and losses could not be confirmed.

4. Lack of Risk Assessment on Revenue Management and Risk Management Policy

During the year under review, the Fund collected Kshs.30,173,768 against a budgeted revenue of Kshs.35,000,000, resulting in an under-collection of Kshs.4,826,232 (14%). Audit enquiries revealed that the Fund had not developed a formal risk management policy and had not undertaken any risk assessments on its revenue streams to identify vulnerabilities, threats, or control gaps. Further, there were no mechanisms or automated systems in place to enhance revenue collection or prevent losses. This is contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires accounting officers to develop risk management strategies, including fraud prevention mechanisms, and to establish systems of internal control to support robust operations.

In the circumstances, the Fund risks loss of critical revenue data and is vulnerable to external and internal threats.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the 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 governance.

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 International Standards of Supreme Audit Institutions (ISSAIs). The standards require 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 ISSAIs 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

21 November, 2025

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Performance for the Year Ended 30th June 2025

| Description | Note | 2024-2025 | 2023-2024 |
|---|------|-------------------|-------------------|
| | | KES | KES |
| Revenue From Non-Exchange Transactions | | | |
| Public Contributions and Donations | 6 | 0 | 0 |
| Transfers From the County Government | 7 | 0 | 0 |
| Fines, Penalties and Other Levies | 8 | 30,173,768 | 39,069,000 |
| | | 30,173,768 | 39,069,000 |
| Revenue From Exchange Transactions | | | |
| Interest Income | 9 | 0 | 0 |
| Other Income | 10 | 0 | 0 |
| | | | |
| Total Revenue | | 30,173,768 | 39,069,000 |
| | | | |
| Expenses | | | |
| Employee Costs | 11 | 0 | 0 |
| Use of goods and services | 12 | 22,070,571 | 821,000 |
| Depreciation and Amortization Expense | 13 | 353,915 | 13,654 |
| Finance Costs | 14 | 0 | 1,191 |
| Total Expenses | | 23,190,658 | 835,845 |
| Other Gains/Losses | | | |
| Gain/Loss on Disposal of Assets | 15 | 0 | 0 |
| Gain /Loss on fair value of investments | 16 | 0 | 0 |
| Surplus/(Deficit) for the Period | | 6,983,110 | 38,233,155 |

The notes set out on pages 19 to 22 form an integral part of these Financial Statements



Name: Simon Mbaro

Administrator of the Fund

Date: 28-10-2025



Name: Gloria Naitore

Fund Accountant

ICPAK Member Number: 24895

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position As at 30 June 2025

| Description | Note | 2024-2025 | 2023-2024 |
|--|------|--------------------|--------------------|
| | | KES | KES |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 17 | 7,099,614 | 1417 |
| Current Portion of Long- Term Receivables from Exchange Transactions | 18 | 0 | 0 |
| Prepayments | 19 | 0 | 0 |
| Inventories | 20 | 0 | 0 |
| Investments in financial assets | 21 | 0 | 0 |
| Total current assets | | 7,099,614 | 1,417 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 22 | 754,932 | 103,847 |
| Intangible Assets | 23 | 0 | 0 |
| Long Term Receivables from Exchange Transactions | 18 | 154,467,250 | 154,467,250 |
| Investment Property | 24 | 0 | 0 |
| Total non- current assets | | 155,222,182 | 154,571,097 |
| Total Assets (A) | | 162,321,796 | 154,572,514 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables from Exchange Transactions | 25 | 12,200,272 | 11,434,100 |
| Current Provisions | 26 | 0 | 0 |
| Current Portion of Borrowings | 27 | 0 | 0 |
| Employee Benefit Obligations | 28 | 0 | 0 |
| Social benefit liabilities | 29 | 0 | 38,233,155 |
| Total current liabilities | | 12,200,272 | 49,667,255 |
| Non-Current Liabilities | | | |
| Non-Current Provisions | 26 | 0 | 0 |
| Long Term Portion of Borrowings | 27 | 0 | 0 |
| Non-Current Employee Benefit Obligation | 28 | 0 | 0 |
| Social benefit liabilities | 29 | | 104,905,259 |

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

| Description | Note | 2024-2025 | 2023-2024 |
|------------------------------|------|--------------------|--------------------|
| | | KES | KES |
| | | | |
| Total Liabilities (B) | | 12,200,272 | 154,572,514 |
| | | | |
| Net Assets (A-B) | | 150,121,524 | - |
| | | | |
| Represented By: | | | |
| Revolving Fund | | 0 | 0 |
| Reserves | | 0 | 0 |
| Accumulated Surplus | | 150,121,524 | 154,572,514 |
| Net Assets | | 150,121,524 | 154,572,514 |

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 28th October, 2025 and signed by:



Name: Simon Mbaro

Administrator of the Fund

Date: 28-10-2025



Name: Gloria Naitore
Fund Accountant

ICPAK Member Number: 24895

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30th June 2025

| Description | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|----------------|---------------------|---------------------|--------------------|
| | | KES | KES | KES |
| Balance As At 1 July 2023 | 0 | 0 | 115,518,359 | 115,518,359 |
| Surplus/(Deficit) For the Period | 0 | 0 | 0 | 0 |
| Funds Received During the Year | 0 | 0 | 39,054,155 | 39,054,155 |
| Transfers | 0 | 0 | 0 | 0 |
| Balance As At 30 June 2024 | 0 | 0 | 154,572,514 | 154,572,514 |
| | | | | |
| Balance As At 1 July 2024 | 0 | 0 | 154,572,514 | 154,572,514 |
| Surplus/(Deficit) For the Period | 0 | 0 | 6,983,110 | 6,983,110 |
| Funds Received During the Year | 0 | 0 | 0 | 0 |
| Prior Year adjustments | 0 | 0 | (11,434,100) | (11,434,100) |
| Balance As At 30 June 2025 | 0 | 0 | 150,121,524 | 150,121,524 |

Disclosure note:

Prior year adjustments of Kshs 11,434,100 relates to arithmetical error in the 2023/2024 Financial Statements

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

17. Statement of Cash Flows for The Year Ended 30 June 2025

| Description | Note | 2024-2025 | 2023-2024 |
|---|------|--------------------|----------------|
| | | KES | KES |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | 0 | 0 |
| Transfers from the county government | | 0 | 0 |
| Interest received | | 0 | 0 |
| Receipts from other operating activities | | 30,173,768 | 0 |
| Total receipts | | 30,173,768 | 0 |
| Payments | | | |
| Fund administration expenses | | 0 | 0 |
| Use of goods and services | | (22,070,571) | 0 |
| Finance cost | | 0 | 0 |
| Other payments | | 0 | 1,191 |
| | | | |
| Net cash flows from operating activities | 30 | 8,103,197 | 1,191 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and Intangible assets | | (1,005,000) | 0 |
| Proceeds from sale of property, plant & equipment | | 0 | 0 |
| Proceeds from loan principal repayments | | 0 | 0 |
| Loan disbursements paid out | | 0 | 0 |
| Net cash flows used in investing activities | | (1,005,000) | 0 |
| | | | |
| Cash flows from financing activities | | | |
| Proceeds from revolving fund receipts | | 0 | 0 |
| Additional borrowings | | 0 | 0 |
| Repayment of borrowings | | 0 | 0 |
| Net cash flows used in financing activities | | 0 | 0 |
| Net increase/(decrease) in cash & cash Equivalents | | 7,098,197 | (1,191) |
| Cash and cash equivalents at 1 July 2024 | 17 | 1,417 | 2,608 |
| Cash and cash equivalents at 30 June 2025 | 17 | 7,099,614 | 1,417 |

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement of Comparison of Budget And Actual Amounts For The Period 2025

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilization |
|--|--------------------|-------------|--------------------|----------------------------|------------------------|---------------|
| | KES | KES | KES | KES | KES | |
| | a | b | C=(a+b) | D | e=(c-d) | f=d/c*100 |
| Budget carryovers from the previous year* | 0 | 1,417 | 1,417 | 1,417 | 0 | 0% |
| Receipts | | | | | | |
| Public Contributions and Donations | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers From County Govt. | 70,000,000 | 0 | 70,000,000 | 0 | 70,000,000 | 0 |
| Interest Income | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue from Operations | 35,000,000 | 0 | 35,000,000 | 30,173,768 | 4,826,232 | 86% |
| Total Income | 105,000,000 | 1,417 | 105,001,417 | 30,175,185 | 74,826,232 | 29% |
| Expenses | | | | | | |
| Fund Administration Expenses | 0 | 0 | 0 | 0 | 0 | 0% |
| Use of Goods and Services | 29,000,000 | 0 | 29,000,000 | 22,070,571 | 5,925,936 | 80% |
| Finance Cost | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditure | 29,000,000 | 0 | 29,000,000 | 22,070,571 | 5,925,936 | 80% |
| Capital expenditure | 6,000,000 | 0 | 6,000,000 | 1,005,000 | 4,995,000 | 0 |
| Surplus For the Period | | | | 7,099,614 | | 0 |

Mombasa County Alcoholic Drink Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Budget Reconciliation

| | Description of Particulars | Amount in KES |
|---|---|----------------------|
| | Actual Surplus Amounts as per the statement of Budget | 7,099,614 |
| 1 | Reason for differences | 0 |
| 2 | Reason for differences | 0 |
| | Closing Cash and Cash Equivalent as per the statement of Cash flows | 7,099,614 |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Mombasa County Alcoholic Drink Fund is established by and derives its authority and accountability from Mombasa County Liquor Licensing Act, 2014. The entity is wholly owned by the County Government of Mombasa and is domiciled in Kenya. The entity's principal activities are:

- 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

New and amended standards and interpretations in issue and effected in the year ended 30 June 2025.

| Standard | Effective date and impact: |
|---------------------|---|
| IPSAS 43: Leases | <i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

| | |
|--|--|
| | <p>and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognize, 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><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |
| <p>IPSAS 45: Property Plant and Equipment</p> | <p><i>Applicable 1st January 2025</i></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 recognized 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><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol 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 Fund
Annual Report and Financial Statements for the year ended June 30, 2025

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

| | |
|--|---|
| <p>IPSAS 47: Revenue</p> | <p><i>Applicable 1st January 2026</i> 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> |
| <p>IPSAS 48: Transfer Expenses</p> | <p><i>Applicable 1st January 2026</i> 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> |
| <p>IPSAS 49: Retirement Benefit Plans</p> | <p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |
| <p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p> | <p><i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

(i) Early adoption of standards

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

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. Summary of 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 2024/25 was approved by the County Assembly on Mombasa. 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 cash flows has been presented.

c) Property, plant and equipment

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

a) 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.

b) 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 a 10-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit in the acquisition of the property was non exchange transaction. 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

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

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

Subsequent measurement

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

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025



Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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).

Summary of 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.

d) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- 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.

e) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Social Benefits

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

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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.

h) Nature and purpose of reserves

The Entity does not have any reserves.

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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.

n) 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 Kenya Commercial Bank 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.

o) 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.

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.

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.

**Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Notes To the Financial Statements Continued

6. Public contributions and donations

| Description | 2024-2025 | 2023-2024 |
|------------------------------------|-----------|-----------|
| | KES | KES |
| Donation From Development Partners | 0 | 0 |
| Contributions From the Public | 0 | 0 |
| Total | 0 | 0 |

7. Transfers from County Government

| Description | 2024-2025 | 2023-2024 |
|--|-----------|-----------|
| | KES | KES |
| Transfers From County Govt. –Operations | 0 | 0 |
| Payments By County on Behalf Of The Entity | 0 | 0 |
| Unconditional Development grants | 0 | 0 |
| Total | 0 | 0 |

8. Fines, penalties and other levies

| Description | 2024-2025 | 2023-2024 |
|--|-------------------|-----------|
| | KES | KES |
| Late Payment Penalties | 0 | 0 |
| Fines (Registration of liquor outlets) | 30,173,768 | 0 |
| Total | 30,173,768 | 0 |

9. Interest income

| Description | 2024-2025 | 2023-2024 |
|--|-----------|-----------|
| | KES | KES |
| Interest Income from Mortgage Loans | 0 | 0 |
| Interest Income from Car Loans | 0 | 0 |
| Interest Income from Investments in financial assets | 0 | 0 |
| Interest Income on Bank Deposits | 0 | 0 |
| Total Interest Income | 0 | 0 |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

10. Other income

| Description | 2024-2025 | 2023-2024 |
|--------------------------------------|-----------|-----------|
| | KES | KES |
| Insurance Recoveries | 0 | 0 |
| Income from Sale of Tender Documents | 0 | 0 |
| Bad debts recovered | 0 | 0 |
| Miscellaneous Income | 0 | 0 |
| Total Other Income | 0 | 0 |

11. Employee Costs

| Description | 2024-2025 | 2023-2024 |
|------------------------------|-----------|-----------|
| | KES | KES |
| Salaries And Wages | 0 | 0 |
| Staff Gratuity | 0 | 0 |
| Staff Training Expenses | 0 | 0 |
| Social Security Contribution | 0 | 0 |
| Other (<i>Specify</i>) | 0 | 0 |
| Total | 0 | 0 |

12. Use of Goods and Services

| Description | 2024-2025 | 2023-2024 |
|---|------------|-----------|
| | KES | KES |
| General Office Expenses | 1,592,380 | 0 |
| Conference Fees | 1,250,000 | 0 |
| Motor Vehicle expenses | 977,961 | 0 |
| Administration Fees | 0 | 0 |
| Committee Allowances | 2,567,500 | 442,300 |
| Bank Charges | 10,556 | 0 |
| Electricity And Water Expenses | 0 | 0 |
| Fuel And Oil Costs | 0 | 0 |
| Catering services | 0 | 0 |
| Postage And Courier | 0 | 0 |
| Printing And Stationery | 0 | 0 |
| Advertising, Awareness & Publicity Campaigns | 14,500,200 | 0 |
| Travelling & Accommodation | 2,646,050 | 0 |
| Telephone, Telex, Facsimile and Mobile Phone Services | 110,000 | 0 |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

| Description | 2024-2025 | 2023-2024 |
|--------------------------|-------------------|----------------|
| | KES | KES |
| Audit Fees | 0 | 0 |
| Other (<i>Specify</i>) | 0 | 0 |
| Social benefit expenses | 0 | 0 |
| Total | 22,070,571 | 442,300 |

13. Depreciation and Amortization Expenses

| Description | 2024-2025 | 2023-2024 |
|------------------------------|----------------|-----------|
| | KES | KES |
| Property Plant and Equipment | 353,915 | 13,654 |
| Intangible Assets | 0 | 0 |
| Total | 353,915 | 0 |

14. Finance costs

| Description | 2024-2025 | 2023-2024 |
|------------------------------|-----------|-----------|
| | KES | KES |
| Interest On Bank Overdrafts | 0 | 0 |
| Interest On Loans from Banks | 0 | 0 |
| Total | 0 | 0 |

15. Gain/(loss) on disposal of assets

| Description | 2024-2025 | 2023-2024 |
|-------------------------------|-----------|-----------|
| | KES | KES |
| Property, Plant and Equipment | 0 | 0 |
| Intangible Assets | 0 | 0 |
| Total | 0 | 0 |

16. Gain/ (loss) on Fair Value Investments

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | KES | KES |
| Investments at Fair Value- Equity investments | 0 | 0 |
| Fair value – Investment property | 0 | 0 |
| Fair value- other financial assets (<i>specify</i>) | 0 | 0 |
| Total Gain | 0 | 0 |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

17. Cash and cash equivalents

| Description | 2024-2025 | 2023-2024 |
|--|------------------|--------------|
| | KES | KES |
| Car Loan Account | 0 | 0 |
| County Mortgage Account | 0 | 0 |
| Fixed Deposits Account | 0 | 0 |
| On – Call Deposits | 0 | 0 |
| Current Account | 7,099,614 | 1,417 |
| Others (<i>Specify</i>) | 0 | 0 |
| Total Cash and Cash Equivalents | 7,099,614 | 1,417 |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

| Financial Institution | Account number | 2024-2025 | 2023-2024 |
|----------------------------------|----------------|------------------|--------------|
| | | KES | KES |
| a) Fixed Deposits Account | | | |
| Kenya Commercial Bank | | 0 | 0 |
| Equity Bank, Etc. | | 0 | 0 |
| Sub- Total | | 0 | 0 |
| b) On - Call Deposits | | | |
| Kenya Commercial Bank | | 0 | 0 |
| Equity Bank - Etc. | | 0 | 0 |
| Sub- Total | | 0 | 0 |
| c) Current Account | | | |
| Kenya Commercial Bank | 1171290918 | 7,099,614 | 1,417 |
| Bank B | | 0 | 0 |
| Sub- Total | | 7,099,614 | 1,417 |
| d) Others (Specify) | | | |
| Cash In Transit | | 0 | 0 |
| Cash In Hand | | 0 | 0 |
| Sub- Total | | 0 | 0 |
| Grand Total | | 7,099,614 | 1,417 |

18. Receivables from exchange transactions

| Description | 2024-2025 | 2023-2024 |
|---|--------------------|--------------------|
| | KES | KES |
| Current Receivables | | |
| Interest Receivable | 0 | 0 |
| Current Loan Repayments Due | 0 | 0 |
| Other Exchange Debtors | 0 | 154,467,250 |
| Less: Impairment Allowance | 0 | 0 |
| Total Current Receivables | 0 | 154,467,250 |
| Non-Current Receivables | | |
| Long Term Other Exchange Debtors | 154,467,250 | 0 |
| Total Non- Current Receivables | 0 | 0 |
| Total Receivables from Exchange Transactions | 154,467,250 | 154,467,250 |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

This represents funds collected on behalf of the Mombasa County Alcoholic Drinks Control Fund by the County Treasury from liquor licensing fees and related charges but not yet remitted to the Fund's designated account as at the reporting date.

Management is actively pursuing recovery through interdepartmental reconciliation and formal correspondence to ensure full remittance in compliance with the Mombasa County Liquor Licensing Act, 2014 and the Public Finance Management Act, 2012.

Additional disclosure on interest receivable

| Description | 2024-2025 | 2023-2024 |
|--|-----------|-----------|
| | KES | KES |
| Interest Receivable | | |
| Interest receivable from current portion of long-term loans of previous years | 0 | 0 |
| Accrued interest receivable from of long-term loans of previous years | 0 | 0 |
| Interest receivable from current portion of long-term loans issued in the current year | 0 | 0 |
| Current loan repayments due | 0 | 0 |
| Current portion of long-term loans from previous years | 0 | 0 |
| Accrued principal from long-terms loans from previous periods | 0 | 0 |
| Current portion of long-term loans issued in the current year | 0 | 0 |

19. Prepayments

| Description | 2024-2025 | 2023-2024 |
|--------------------------------------|-----------|-----------|
| | KES | KES |
| Prepaid Rent | 0 | 0 |
| Prepaid Insurance | 0 | 0 |
| Prepaid Electricity Costs | 0 | 0 |
| Other Prepayments (<i>Specify</i>) | 0 | 0 |
| Total | 0 | 0 |

20. Inventories

| Description | 2024-2025 | 2023-2024 |
|------------------------|-----------|-----------|
| | KES | KES |
| Consumable Stores | 0 | 0 |
| Spare Parts and Meters | 0 | 0 |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

| | | |
|-----------------------------|----------|----------|
| Catering | 0 | 0 |
| Other Inventories (Specify) | 0 | 0 |
| Total Inventories | 0 | 0 |

Detailed disclosure on inventories

| | 2024-2025 | 2023-2024 |
|----------------------------------|-----------|-----------|
| Opening balance | 0 | 0 |
| Additional Inventory in the year | 0 | 0 |
| Inventory expensed in the year | 0 | 0 |
| Write-downs in the year | 0 | 0 |
| Closing balance | 0 | 0 |

21. Investments in financial assets

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | KES | KES |
| a. Investment in Treasury bills and bonds | | |
| Financial institution | | |
| CBK | 0 | 0 |
| Sub- total | 0 | 0 |
| b. Investment with Financial Institutions/ Banks | | |
| Bank x | 0 | 0 |
| Sub- total | 0 | 0 |
| c. Equity investments (specify) | | |
| Equity/ shares in Entity | 0 | 0 |
| Sub- total | 0 | 0 |
| Grand total | 0 | 0 |

Movement of Equity Investments

| Impairment allowance/ provision | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | KES | KES |
| At the beginning of the year | 0 | 0 |
| Purchase of investments in the year | 0 | 0 |
| Sale of investments during the year | 0 | 0 |
| Gain/(loss) in fair value of investments through surplus or deficit | 0 | 0 |
| At the end of the year | 0 | 0 |

e) Shareholding in other entities

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

| Name of Entity where investment is 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 |
| | % | % | % | KES | KES | KES |
| Entity A | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |

**Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

22. Property, plant, and equipment

| | Land | Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|-------------------------------------|----------|-----------|----------------|------------------------|--------------------------------|------------------|
| Rate | | 10% | 10% | 12.5% | 33.3% | |
| | KES | KES | KES | KES | KES | KES |
| At 1st July 2023 | 0 | 0 | 0 | 73,706 | 30,141 | 103,847 |
| Additions | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers/Adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation Adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30th June 2024 | 0 | 0 | 0 | 73,706 | 30,141 | 103,847 |
| At 1st July 2024 | | | | | | |
| Additions | 0 | 0 | 0 | 0 | 1,005,000 | 1,005,000 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer/Adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation Adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30th June 2025 | 0 | 0 | 0 | 0 | 1,035,141 | 1,005,000 |
| Depreciation And Impairment | | | | | | |
| At 1 st July 2023 | 0 | 0 | 0 | 27,958 | 30,143 | 58,101 |
| Depreciation | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30th June 2024 | 0 | 0 | 0 | 27,958 | 30,143 | 58,101 |
| At 1st July 2024 | | | | | | |
| Depreciation | 0 | 0 | 0 | 9,213 | 344,702 | 353,915 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer/Adjustment | 0 | 0 | 0 | 0 | 0 | 0 |

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

| | Land | Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|-------------------------------------|----------|------------|----------------|------------------------|--------------------------------|----------------|
| Rate | | 10% | 10% | 12.5% | 33.3% | |
| At 30th June 2025 | 0 | 0 | 0 | 9,213 | 344,702 | 353,915 |
| Net Book Values | 0 | 0 | 0 | 0 | 0 | 0 |
| At 30th June 2024 | 0 | 0 | 0 | 73,706 | 30,141 | 103,847 |
| At 30th June 2025 | 0 | 0 | 0 | 64,493 | 690,439 | 754,932 |

23. Intangible assets

| Description | 2024-2025 | 2023-2024 |
|------------------------------------|-----------|-----------|
| | KES | KES |
| Cost | | |
| At Beginning of The Year | 0 | 0 |
| Additions | 0 | 0 |
| At End of The Year | 0 | 0 |
| Amortization And Impairment | | |
| At Beginning of The Year | 0 | 0 |
| Amortization | 0 | 0 |
| At End of The Year | 0 | 0 |
| Impairment Loss | 0 | 0 |
| At End of The Year | 0 | 0 |
| NBV | 0 | 0 |

24. Investment Property

| Description | 2024-2025 | 2023-2024 |
|--|-----------|-----------|
| | KES | KES |
| At beginning of the year | 0 | 0 |
| Additions | 0 | 0 |
| Disposal during the year | 0 | 0 |
| Depreciation | 0 | 0 |
| Impairment | 0 | 0 |
| Gain/(loss) in fair value (if fair value is elected) | 0 | 0 |
| At end of the year | 0 | 0 |

25. Trade and other payables from exchange transactions

| Description | 2024-2025 | 2023-2024 |
|---------------------------------------|-------------------|-------------------|
| | KES | KES |
| Trade Payables | 11,025,783 | 10,613,100 |
| Refundable Deposits | 0 | 0 |
| Accrued Expenses | 0 | 0 |
| Other Payables | 1,174,489 | 821,000 |
| Total Trade and Other Payables | 12,200,272 | 11,434,100 |
| | | |

| Ageing analysis (Trade and other payables) | 2024-2025 | % of the Total | 2023-2024 | % of the Total |
|--|-------------------|----------------|-------------------|----------------|
| Under one year | 1,174,489 | 9% | 821,000 | 7.18% |
| 1-2 years | 0 | % | 1,959,100 | 17.13% |
| 2-3 years | 0 | % | 8,654,000 | 75.68% |
| Over 3 years | 11,025,783 | 91% | 0 | % |
| Total (tie to above total) | 12,200,272 | | 11,434,100 | 0 |

The amount of 11,434,100 is expenditure which has not been paid for more than 3 financial years. The fund does not have debt management policy on writing off of bad debt which has accumulated over 3 years.

26. Provisions

| Description | Leave provision | Gratuity Provision | Other provision | Total |
|---|-----------------|--------------------|-----------------|----------|
| | KES | KES | KES | KES |
| Balance b/f | 0 | 0 | 0 | 0 |
| Additional provisions | 0 | 0 | 0 | 0 |
| Provision utilised | 0 | 0 | 0 | 0 |
| Change due to discount and time value for money | 0 | 0 | 0 | 0 |
| Total provisions year end | 0 | 0 | 0 | 0 |
| Current Provisions | 0 | 0 | 0 | 0 |
| Non-Current Provisions | 0 | 0 | 0 | 0 |

27. Borrowings

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | KES | KES |
| Balance At Beginning of The Period | 0 | 0 |
| External Borrowings During the Year | 0 | 0 |
| Domestic Borrowings During the Year | 0 | 0 |
| Repayments of External Borrowings During the Period | 0 | 0 |
| Repayments of Domestic Borrowings During the Period | 0 | 0 |
| Balance At End of The Period | 0 | 0 |

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

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | KES | KES |
| External Borrowings | | |
| Dollar Denominated Loan From 'X Organization' | 0 | 0 |
| Sterling Pound Denominated Loan From 'Y Organization' | 0 | 0 |
| Euro Denominated Loan from Z Organization' | 0 | 0 |
| Domestic Borrowings | | |
| Kenya Shilling Loan From KCB | 0 | 0 |
| Kenya Shilling Loan from Barclays Bank | 0 | 0 |
| Kenya Shilling Loan from Consolidated Bank | 0 | 0 |
| Borrowings From Other Government Institutions | 0 | 0 |
| Total Balance at End of The Year | 0 | 0 |

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

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | KES | KES |
| Short Term Borrowings (Current Portion) | 0 | 0 |
| Long Term Borrowings | 0 | 0 |
| Total | 0 | 0 |

28. Employee benefit obligations

| Description | Defined benefit plan | Post employment medical benefits | Other Provisions | 2024-2025 | 2023-2024 |
|--------------------------------|----------------------|----------------------------------|------------------|-----------|-----------|
| | KES | KES | KES | KES | KES |
| Current Benefit Obligation | 0 | 0 | 0 | 0 | 0 |
| Non-Current Benefit Obligation | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 |

29. Social Benefit Liabilities

| Description | 2024-2025 | 2023-2024 |
|--|-----------|------------|
| | KES | KES |
| Health social benefit scheme | 0 | 38,233,155 |
| Unemployment social benefit scheme | 0 | 0 |
| Orphaned and vulnerable benefit scheme | <u>0</u> | <u>0</u> |
| Elderly social benefit scheme | 0 | 0 |

| | | |
|------------------------------------|----------|-------------------|
| Bursary social benefits | 0 | 0 |
| Total | 0 | 38,233,155 |
| Current social benefits | | 38,233,155 |
| Non- current social benefits | 0 | 0 |
| Total (tie to totals above) | 0 | 38,233,155 |

The amount of 154,467,250 - 11,434,100=143,256,997 is the money to be used for social benefit programs: -

- Reduce alcohol-related harm and support community rehabilitation programs.
- Promote socio-economic empowerment among vulnerable and affected groups.
- Strengthen community health and wellness through awareness and preventive initiatives.
- Support youth, women, and persons with disabilities (PWDs) through targeted development programs.
- Enhance public safety, cohesion, and sustainable community development.

which has never been done for more than 3 years.

30. Cash Flow from Operations.

| Description | 2024-2025 | 2023-2024 |
|---|------------------|-------------------|
| | KES | KES |
| Surplus/ (Deficit) For the Year Before Tax | 6,983,110 | 38,233,155 |
| Adjusted For: | | |
| Depreciation | 353,915 | 13,654 |
| Amortization | 0 | 0 |
| Gains/ Losses On Disposal of Assets | 0 | 0 |
| Interest Income | 0 | 0 |
| Finance Cost | 0 | 0 |
| Working Capital Adjustments | | |
| Increase In Inventory | 0 | 0 |
| Increase In Receivables | 0 | (39,069,000) |
| Increase In Payables | 766,172 | 821,000 |
| Net Cash Flow from Operating Activities | 8,103,197 | (201,191) |

31. 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) Key management;
c) Board of Trustees; etc.

b) Related party transactions

| Description | 2024-2025 | 2023-2024 |
|---|-----------|-----------|
| | KES | KES |
| Transfers From Related Parties ⁷ | 0 | 0 |
| Transfers To Related Parties | 0 | 0 |

c) Key management remuneration

| Description | 2024-2025 | 2023-2024 |
|-----------------------------|-----------|-----------|
| | KES | KES |
| Board Of Trustees | 0 | 0 |
| Key Management Compensation | 0 | 0 |
| Total | 0 | 0 |

d) Due from related parties

| Description | 2024-2025 | 2023-2024 |
|----------------------------|-----------|-----------|
| | KES | KES |
| Due From Parent Ministry | 0 | 0 |
| Due From County Government | 0 | 0 |
| Total | 0 | 0 |

Other Disclosures Continued

e) Due to related parties

| Description | 2024-2025 | 2023-2024 |
|---------------------------------|-----------|-----------|
| | KES | KES |
| Due To Parent Ministry | 0 | 0 |
| Due To County Government | 0 | 0 |
| Due To Key Management Personnel | 0 | 0 |
| Total | 0 | 0 |

32. Contingent assets and contingent liabilities

| Contingent Liabilities | 2024-2025 | 2023-2024 |
|-----------------------------|-----------|-----------|
| | KES | KES |
| Court Case Against the Fund | 0 | 0 |

| | | |
|-----------------|----------|----------|
| Bank Guarantees | 0 | 0 |
| Total | 0 | 0 |

33. 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 minimize 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 KES | Fully performing KES | Past due KES | Impaired KES |
|--|---------------------|-------------------------|-----------------|-----------------|
| At 30 June 2022 | | | | |
| Receivables From Exchange Transactions | 0 | 0 | 0 | 0 |
| Receivables From Non-Exchange Transactions | 0 | 0 | 0 | 0 |
| Bank Balances | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| At 30 June 2021 | | | | |
| Receivables From Exchange Transactions | 0 | 0 | 0 | 0 |
| Receivables From Non-Exchange Transactions | 0 | 0 | 0 | 0 |
| Bank Balances | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has no significant concentration of credit risk.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|----------|
| | KES | KES | KES | KES |
| At 30 June 2025 | | | | |
| Trade Payables | 0 | 0 | 0 | 0 |
| Current Portion of Borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Employee Benefit Obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |
| At 30 June 2024 | | | | |
| Trade Payables | 0 | 0 | 0 | 0 |
| Current Portion Of Borrowings | 0 | 0 | 0 | 0 |
| Provisions | 0 | 0 | 0 | 0 |
| Employee Benefit Obligation | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

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 optimizing 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 no 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 |
|---|----------|------------------|----------|
| | KES | KES | KES |
| At 30 June 2025 | | | |
| Financial Assets | 0 | 0 | 0 |
| Investments | 0 | 0 | 0 |
| Cash | 0 | 0 | 0 |
| Debtors/ Receivables | 0 | 0 | 0 |
| Liabilities | | | |
| Trade And Other Payables | 0 | 0 | 0 |
| Borrowings | 0 | 0 | 0 |
| Net Foreign Currency Asset/(Liability) | 0 | 0 | 0 |

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three

main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

| Description | Change in currency rate | Effect on surplus/ deficit | Effect on Equity |
|------------------|-------------------------|----------------------------|------------------|
| | KES | KES | KES |
| 2024-2025 | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |
| 2023-2024 | | | |
| Euro | 10% | 0 | 0 |
| USD | 10% | 0 | 0 |

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 endeavored to bank with institutions that are stable and has avoided taking loans and other credit facilities.

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.

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 | 2024-2025 | 2023-2024 |
|---------------------|-----------|-----------|
| | KES | KES |
| Revaluation reserve | 0 | 0 |
| Revolving fund | 0 | 0 |

| | | |
|---|----------|----------|
| Accumulated surplus | 0 | 0 |
| Total funds | 0 | 0 |
| | | |
| Total borrowings | 0 | 0 |
| Less: cash and bank balances | 0 | 0 |
| Net debt/(excess cash and cash equivalents) | 0 | 0 |
| Gearing | 0 | 0 |

34. Events after the reporting period

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

35. Ultimate and Holding Entity

The entity is a County Public Fund established by The Mombasa County Liquor Licensing Act 2014, under the County Department of Trade, Tourism and Culture. Its ultimate parent is the County Government of Mombasa.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

20. 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 | Unbanked Revenue | The revenue received from the alcoholic drinks application and license fees was banked to the county revenue fund in pursuant to article 207(1). Liquor licensing is not a major revenue stream, the application and license fees monies were integrated into the single business permit. The payments have identifiable codes that can be easily traced and extracted. | Awaiting the parliament committee deliberation | |
| 2.0 | Doubtful Receivables from County Executive | The County Government of Mombasa has sought legal opinion the attorney general on the legality of the existence of these committees and the recommendation that will come out of it which we are yet to receive. | Awaiting the parliament committee deliberation | |

| 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) |
|--|--------------------------------------|--|--|--|
| 3.0 | Budgetary control and Performance | A total of kes. 39,069,000 collected from the liquor applications and licenses fees went to the County Revenue Fund. Efforts to get approvals from the COB to withdraw those monies were decline due to inadequacies in the Mombasa County Liquor Licensing Act, 2014. We have since drafted amendments to address issues raised by the COB. | Awaiting the parliament committee deliberation | |
| 4.0 | Presentation of Financial Statements | We have integrated the application and liquor fees monies into the Mombasa County Alcoholic Drink Control Account. | Awaiting the parliament committee deliberation | |

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 Administrator



Date 28th October, 2025

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex II: Reporting of Climate Relevant Expenditures

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

Mombasa County Alcoholic Drink Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex III: 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 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |