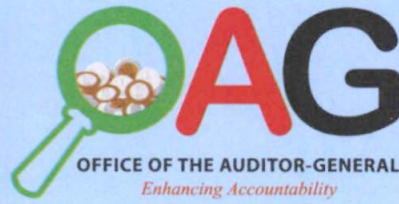


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OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability

REPORT

71

OF

THE AUDITOR-GENERAL

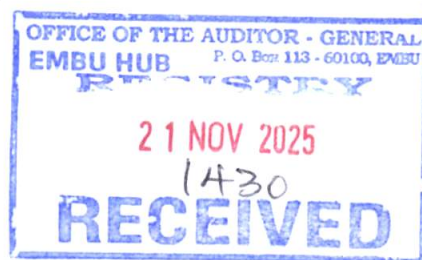
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MERU COUNTY ALCOHOLIC DRINKS  
CONTROL BOARD

FOR THE YEAR ENDED  
30 JUNE, 2025

17



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**MERU COUNTY ALCOHOLIC DRINKS CONTROL BOARD**

**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)

***Meru County Alcoholic Drinks Control Board***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Table of Contents**

|  |       |
|--|-------|
| 1. Acronyms and Definition of Key Terms  | ii    |
| 2. Key Entity Information and Management   | iii   |
| 3. Board of Trustees/ Fund Administration Committee  | vi    |
| 4. Key Management Team   | viii  |
| 6. Report of The Fund Administrator  | x     |
| 7. Statement of Performance Against the County Fund's Predetermined Objectives                                   | xi    |
| 8. Corporate Governance Statement  | xii   |
| 9. Management Discussion and Analysis  | xiii  |
| 10. Environmental and Sustainability Reporting   | xiv   |
| 11. Report of The Trustees   | xv    |
| 12. Statement of Management's Responsibilities   | xvi   |
| 13. Report of The Independent Auditor on the Financial Statements for Meru County Alcoholic Drinks Control Board | xviii |
| 14. Statement of Financial Performance for the Year Ended 30 <sup>th</sup> 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 <sup>th</sup> June 2025                             | 3     |
| 17. Statement of Cash Flows for The Year Ended 30 June 2025  | 4     |
| 18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025                                     | 5     |
| 19. Notes to the Financial Statements  | 6     |

**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                           |
| Kshs   | Kenya Shillings  |
| NACADA | National Authority for the Campaign Against Alcohol and Drug Abuse |
| CPA    | Certified Public Accountant  |

b) Glossary of Terms

|                      |   |
|----------------------|---|
| Fiduciary Management | The key management personnel who had financial responsibility |
| MCADCB               | Meru County Alcoholic Drinks Control Board                    |

**Meru County Alcoholic Drinks Control Board**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**2. Key Entity Information and Management**

**a) Background information**

The Meru County Alcoholic Drinks Control Board was established by and derives its authority and accountability from Meru County Alcoholic Drinks Control Act of 2016 of the Meru County Assembly which was repealed and re-enact by Meru County Alcoholic Drinks Control Act of 2016.

Its establishment is provided for under section 116 of the public finance management act 2012 which states that a County Executive Committee member for finance may establish other public funds with the approval of the County Executive Committee and the county assembly.

The fund's objective is to control the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for persons dependent on alcoholic drinks.

The Fund is wholly owned by the County Government of Meru and is domiciled in Kenya. The Fund's principal activity is to advise the County on all matters relating to licensing and control of alcoholic drinks within the County.

**b) Principal Activities**

The principal activity of the Meru County Alcoholic Drinks Control Board is to guide the Governor and other Heads of the County regarding licensing of all alcohol outlets in Meru County and control of alcoholic drinks within the County.

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

| Ref | Name                               | Position                    |
|-----|------------------------------------|-----------------------------|
| 1   | Chairman of the Board              | Daniel Kinoti               |
| 2   | Chief Officer finance              | CPA Charles Mwenda Kaibiria |
| 3   | Board Member                       | Agnes Makena                |
| 4   | Board Member                       | Joyce Kaaria                |
| 5   | Board Member                       | Dr Joseph Wahome            |
| 6   | Current Fund Manager/Administrator | Mr Silas Gitonga Akubu      |
| 7   | Former Fund Manager/Administrator  | Dr Silas Mbaabu Muguna      |

**d) Key Management**

| Ref | Name                               | Position               |
|-----|------------------------------------|------------------------|
| 1   | Current Fund Manager/Administrator | Mr Silas Gitonga Akubu |
| 2   | Former Fund Manager/ Administrator | Dr Silas Muguna Mbaabu |
| 3   | Fund Accountant                    | CPA Floric Gaiti       |

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

| <b>SN</b> | <b>Position</b>            | <b>Name</b>    |
|-----------|----------------------------|----------------|
| 1         | Directorate Internal Audit | Crispus Mutoni |

**f) Registered Offices**

P.O. Box 120- 60200  
Near YWCA  
Mwendantu Road  
MERU, KENYA

**g) Fund Contacts**

Telephone: (254) 202381720  
E-mail: [alcoholboard@gmail.com](mailto:alcoholboard@gmail.com)  
<https://meru.go.ke/>

**h) Fund Bankers**

1. Cooperative Bank of Kenya  
Meru, Branch  
P.O. Box 1328 - 60200  
Meru, Kenya
2. Family Bank of Kenya  
Meru, Branch  
P.O Box 74145-00200  
Nairobi, Kenya
3. Consolidated Bank of Kenya  
Meru, Branch  
P.O BOX 1117  
Meru, Kenya

**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 Meru*  
*Department of Legal Affairs*  
*P.o Box 120 -60200*  
*Meru*

**3. Board of Trustees/ Fund Administration Committee**

| NAME   | DETAILS OF QUALIFICATIONS AND EXPERIENCE  |
|--|---|
|  <p><b>Mr Silas Gitonga Akubu</b></p> | <p><b>Position: Acting Chief Executive Officer</b><br/> <b>DOB: 1983</b><br/> <b>Qualifications: Masters in Public Administration (Public Policy)</b><br/> <b>Experience: 5 years as Director Revenue, 2 years as a Director Enforcement and Compliance and 7 years as a Acting Director Licensing</b></p>                                  |
|  <p><b>Dr Silas Muguna Mbaabu</b></p> | <p><b>Position: Former Chief Executive Officer</b><br/> <b>DOB: 1966</b><br/> <b>Qualifications: PhD Leadership and Management, MA Leadership and Management, BED Arts</b><br/> <b>Experience: 14 years as Principal of secondary school, 7 years as a Deputy Principal and 10 years as a Senior Administrative Head in government.</b></p> |
|  <p><b>Daniel Kinoti</b></p>        | <p><b>Position: Board Member</b><br/> <b>DOB: 1973</b><br/> <b>Qualifications: Diploma in Hotel Management</b><br/> <b>Experience: Over 25 years' experience as Manager in Hotel Industry</b></p>   |
|  <p><b>Agnes Makena</b></p>         | <p><b>Position: Board Member</b><br/> <b>DOB: 1966</b><br/> <b>Qualifications: Bachelor of Project Planning</b><br/> <b>Experience: Over 30 years' experience in various positions</b></p>  |
|  <p><b>Joseph Wahome</b></p>        | <p><b>Position: Board Member</b><br/> <b>DOB: 1979</b><br/> <b>Experience: Over 15 years as a Pharmacist</b></p>  |

*Meru County Alcoholic Drinks Control Board*

**Annual Report and Financial Statements for the year ended June 30, 2025**

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Joyce Kaaria



**Position: Board Member**

**DOB: 1973**

Qualifications: Masters of Education – Kampala university  
Bachelor of Education science – Kampala University

**Experience: Over 20 years' experience as a teacher.**

**4. Key Management Team**

| Name   | Details of qualifications and experience  |
|--|---|
| <p>1. Mr Silas Gitonga Akubu</p>  <p>A black and white portrait of Mr. Silas Gitonga Akubu, a middle-aged man with short hair, wearing a dark suit, white shirt, and dark tie. He is looking directly at the camera. In the background, a sign for the Meru County Alcoholic Drinks Control Board is partially visible.</p> | <p><b>Position: Acting Chief Executive Officer</b><br/><b>DOB: 1983</b><br/><b>Qualifications: Masters in Public Administration (Public Policy)</b><br/><b>Experience: 5 years as Director Revenue, 2 years as a Director Enforcement and Compliance and 7 years as a Acting Director Licensing</b></p>                                       |
| <p>2. Dr Silas Muguna Mbaabu</p>  <p>A black and white portrait of Dr. Silas Muguna Mbaabu, wearing a graduation cap and gown. He is also wearing glasses and a white face mask. He is holding a book or diploma in front of him. The background is slightly blurred, showing what appears to be an indoor setting.</p>    | <p><b>Position: Former Chief Executive Officer</b><br/><b>DOB: 1966</b><br/><b>Qualifications: PhD Leadership and Management, MA Leadership and Management, BED Arts</b><br/><br/><b>Experience: 14 years as Principal of secondary school, 7 years as a Deputy Principal and 13 years as a Senior Administrative Head in government.</b></p> |

**5. Board/Fund Chairperson's Report**

I take this opportunity to present annual report and financial statements for the year ended June 30, 2025, in pursuant of section 10 of the Meru County Alcoholic Drinks Control Board on behalf of the Board of Directors.

During the financial year under review the board undertook sensitization to the people of Meru County, inspection and enforcement of alcohol outlets in Meru County to ensure the mandate of the board is met.

In the financial year 2024-2025 the Board realized high revenues compared to previous year collection due to the mitigation in inspection and enforcement process.

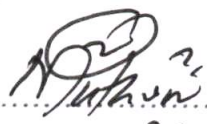
During the financial year the board ensured that it capitalizes in ensuring that high level of campaign on drug and drug abuse is spread across the county as per the Act of 2016.

The board additionally ensured that the staffs were well equipped with trainings to harness them with knowledge on how to conduct their duties well. In line with this the management ensured that the board has partnered with legal team and NACADA in providing capacity building to board staff.

The impact of staff trainings was impactful since it was one of the major factors why the board was able to scale up its revenues with high margins.

One of the major notable things that the Board has continued with is the building of the state-of-the-art rehabilitation centre in Meru. The rehabilitation centre construction is in partnership with the Department of Health and the Department of Culture.

This project will ensure that the addicts in Meru and individuals all over the country secure treatment against the addiction menace. The process of the construction is ongoing, and in the next financial year, notable strides will be reported.

Name: DANIEL KINDEI Signature:  Date: 20/7/2025

Chairperson of the Board/Fund

**6. Report of The Fund Administrator**

The Fund Administrator has day to day management responsibility of running of the board and the implementation of its strategy and policies as agreed by the board of directors.


In exercising his responsibilities, the fund manager is supported by the staff in ensuring that timely and accurate information is provided to the board on financial and strategic performance.

The board strives to create good corporate governance in all its endeavours, to achieve these the board has continued to build its internal structures and controls to ensure that it incorporates the best practices in its day to day operations and administration.

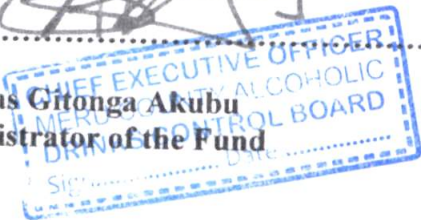
The board was able to achieve 91.52% revenue collection totalling Ksh 54,909,892 compared to the targeted revenue collection of Ksh 60,000,000 in the financial year 2024-2025. This therefore led the Board to put more stringent measure on revenue collection and regulation of bar outlets. Consequently, this led to high expenditure in enforcement and crackdown cost.

Due to the revenue shortfall, the board was unable to actualize all expenditures in FY 2024-2025. Therefore, only 85.96% of the target was realized.

The activities carried out on inspection and enforcement of alcohol premises across the county took the highest percentage of budget. However, the exercise carried out ensured that control of alcohol distribution, sell and manufacturing was done according to the law. This therefore lead to very minimal cases of negative effects of alcohol cases in Kenya. Hence ensuring there was value of money to the community at large.



**Mr Silas Gitonga Akubu**  
**Administrator of the Fund**



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

**Introduction**

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

The key development objectives of the Fund as per the strategic plan for (Indicate period of the strategic plan) are to:

- a) Provide sensitization to the public on alcohol abuse.
- b) Provide inspection and enforcement of alcohol outlets.
- c) Help in support of Rehabilitation of people in drug abuse and follow up.

**Progress on attainment of Strategic development objectives**

| <b>Program</b>   | <b>Objective</b>   | <b>Outcome</b>   | <b>Indicator</b>  | <b>Performance</b>   |
|--|--|--|---|--|
| Provide sensitization to the public on alcohol abuse.  | To ensure public awareness to people on drug and drug abuse especially in regard to alcohol.   | To reduce alcohol abuse by people in Meru.<br><br>To minimise the number of deaths due to alcohol intake.              | Number of Addicts in rehab                                | In FY 24/25 we reduced the number of addicts in Meru. The board followed up and sensitized more to youths. |
| Provide inspection and enforcement of alcohol outlets. | Inspect and enforce non licensed bars<br><br>To enforce compliance with time and alcohol sold. | To wipe out non-compliant outlets.<br><br>To control alcohol intake in Meru.<br><br>To do away with traditional brews. | Number of Licensed outlets<br><br>Number of illicit brews | The board reduced selling of illicit brews and non-compliance of bar owners                                |

## **8. Corporate Governance Statement**

The practise of good corporate governance ensures the delivery of sustainable value for the board as well as meeting the needs of our stakeholders. Good corporate practice involves the adoption of ethically driven policies, procedures and processes. The board is committed to ensuring the needs of our stakeholders are met while safeguarding the boards' assets. We believe that our operations should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information as well as provide leadership and effective governance for the board.

The board of directors is at the core of the board's governance practices for protection of long-term interests of all stakeholders. Guided by the principle of good governance, the board performs its duties in the interest of the Meru county alcoholic control board. During the year the board held meetings to deliberate on various issues affecting the boards' performance and to provide strategic leadership.

The Alcoholic Drinks Control Board is headed by the chairman and is composed of five other members, one member a woman, one member a person drawn from the County's hospitality industry, one member a youth, one member from the Clergy, and one member from persons with disability, the board has a chief executive officer. The principal role of the chairman is to provide leadership to the board and ensure that the board is provided timely and adequate information to enable it to discharge its duties. The chief executive officer on the other hand is responsible for the day to day management of the board.

The board charter defines the roles, responsibilities, scope and functions of the board of directors in governance of the board and provides for free exercise of independent judgment. The board provides oversight to the management and ensures the staffs operate within the code of conduct.

The primary responsibility of the board of directors is to provide leadership and strategic direction to the board. The board members are expected to exercise the highest degree of care, skill and diligence in discharging their duties. The principal responsibilities of the board shall include (i) establishing short and long term goals of the board, develop strategies to achieve these goals and monitor the boards performance against the set goals; (ii) spearheading preparation of financial statements and reports; (iii) approving and reviewing budgets; (iv) overseeing affairs of the board in light of emerging risks and opportunities and ;(v) ensuring that the board has adequate systems and internal controls together with appropriate monitoring of compliance activities

Regular training and development programme are developed to equip the board with necessary skills for the effective discharge of their mandate. Each year the board prepares a training calendar where specific training needs are identified and scheduled. During the year, the board members attended various capacity building programmes focusing on leadership, governance, finance, and other relevant areas deemed necessary. In the financial year 2024-2025, the Board Members held meetings. During every board meeting and travel, board members in attendance are entitled to a sitting allowance, lunch allowance, accommodation allowance and millage reimbursement where applicable within the set government limit.

**Meru County Alcoholic Drinks Control Board**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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**9. Management Discussion and Analysis**

By 30<sup>th</sup> June 2025, the board collected **Kshs 54,909,892** from liquor licencing activities within the county against an expenditure of **Ksh 51,316,527** resulting to a surplus of **Kshs 3,593,365**.

Since the boards' core mandate is advice the County on all matters relating to licencing and control of alcoholic drinks within the County all the expenditures were recurrent in nature and were geared towards supporting the board to discharge its core mandate and hence there were no projects budgeted / implemented during the period under review.

During the period under review the board faced major challenge whereby there was increased sale of tradition brews, contraband alcoholic drinks and increased cases of addiction and menaces related to alcohol. Hence there was a risk of existence of illicit drinks within the market which could pose a hazardous risk if consumed by the residents.

**KEY PROJECTS OF THE BOARD**

| <b>S/NO</b> | <b>PROJECT</b>                       | <b>OBJECTIVE</b>  |
|-------------|--------------------------------------|---|
| 1           | Inspection of Liquor Outlets in Meru | To ensure they have complied with the stipulated requirements before they are licensed.               |
| 2           | Enforcement                          | To ensure compliance with the Meru County Alcoholic Drinks Control Act 2016                           |
| 3           | Awareness and Sensitization          | To create awareness and help control alcohol consumption among people in Meru County                  |
| 4           | Rehabilitation Construction          | To establish a state of the art rehabilitation center to assist reforming and rescue of drug addicts. |

**10. Environmental and Sustainability Reporting**

The Board did not engage in any major environment and sustainability activities since it allocated all the funds for CSR as share in the upcoming rehabilitation centre.

**Meru County Alcoholic Drinks Control Board**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**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 to advise the County on all matters relating to licensing and control of alcoholic drinks within the County.

**Results**

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 31

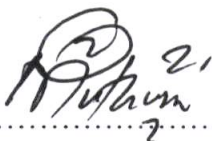
**Trustees**

The members of the Board of Trustees who served during the year are shown on page vi.

**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

By Order of the Board



.....

**Chair of the Board/Fund Administration Committee**

Date: ..... 25/7/2025 .....

## **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 Meru County Alcoholic Drinks Control Act of 2014 of the Meru County Assembly which was repealed and re-enact by Meru County Alcoholic Drinks Control Act of 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the 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 Meru County Alcoholic Drinks Control Act of 2014 of the Meru County Assembly which was repealed and re-enact by Meru County Alcoholic Drinks Control Act of 2016. 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 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


**Meru County Alcoholic Drinks Control Board**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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of going concern basis of preparation of the financial statements. There is nothing that has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 30/6/ 2025 and signed on its behalf by:

.....  


**Mr Silas Gitonga Akubu**  
**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON MERU COUNTY ALCOHOLIC DRINKS CONTROL BOARD FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards, and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the 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 Effectiveness of Internal Controls, Risk Management, and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient, and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Meru County Alcoholic Drinks Control Board set out on pages 1 to 24 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Meru County Alcoholic Drinks Control Board 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 Meru County Alcoholic Drinks control Act, 2016 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Trade and Other Payables from Exchange Transactions**

The statement of financial position and as disclosed in Note 8 to the financial statements reflects trade and other payables from exchange transactions amount of Kshs.1,184,474. This balance has increased from Kshs.339,609 to Kshs.1,184,474 by Kshs.844,865 which is at variance with the Nil increase of payables balance reflected in the statement of cashflows leading to an unexplained and unreconciled variance of Kshs.844,865. Further, the payables were not supported by analysis and payment vouchers.

In the circumstances, the accuracy and completeness of Nil balance in respect to trade and other payables balance could not be confirmed.

#### **2. Unsupported Staff Costs**

The statement of financial performance reflects fund administration expenses amount of Kshs.12,890,108 being staff costs as disclosed in Note 2 to the financial statements. However, Management did not provide the employee list together with their biodata. As a result, it was not possible to verify key staff details such as terms of service, dates of appointment, age, gender, and ethnicity.

In the circumstances, the accuracy and completeness of reflects fund administration expenses amount of Kshs.12,890,108 could not be confirmed.

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

## **Emphasis of Matter**

### **Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.61,833,608 and Kshs.54,909,892 respectively resulting to an under-funding of Kshs.6,923,716 or 11% of the budget. Similarly, the Board spent Kshs.49,305,428 against actual receipts of Kshs.54,909,892 resulting to an under-utilization of Kshs.5,604,464 or 10% of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this/matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Meru County Alcoholic Drinks Control Board in 2024/2025 revealed that the following matters remained unresolved as shown in attached Appendix.

### **Other Information**

The Fund Administration Committee is responsible for the Other Information set out on page i to xvii to which comprise of Key Entity Information and Management, The Board of trustee, Key Management Team, Chairman's report, Report of the fund administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the trustee, Statement of management Responsibilities and 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 Board'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, I am required to report that fact. I have nothing to report in this regard

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

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

## **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Unbalanced Budget**

The statement of comparison of budget and actual amounts for the period ended 30 June, 2025 reflects a revenue budget of Kshs.61,833,608 against a total expenditure budget of Kshs.56,315,608 resulting in a variance of Kshs.5,518,000. This is contrary to Regulation 31(c) of the Public Finance Management (County Government) Regulations, 2015, which states that budget revenue and expenditure appropriations shall be balanced.

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

### **2. Undeclared Revenue**

The statement of financial performance reflects other income amount of Kshs.54,909,892 being liquor licenses as disclosed in Note 1 to the financial statements. Review of records reveals that the amount was not remitted to the County Revenue Fund but was directly spent by the Board. This is contrary to Section 109(2) of the Public Finance Management Act, 2012 provides that the County Treasury shall ensure that all money raised or received by or on behalf of the County Government is paid into the County Revenue Fund, except money that may, in accordance with other legislation, be retained by the County Government entity which received it for the purposes of defraying its expenses.

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

### **3. Non-compliance with the One-Third of Basic Salary Rule**

As previously reported, the statement of financial performance and as disclosed in Note 2 to the financial statements, reflects an amount of Kshs.12,890,108 in respect of fund administration expenses. Review of the Meru County Alcoholic Drinks Control Board payroll revealed that the Fund had three (3) employees whose net pay was below a 1/3 of their basic pay. This is contrary to Section C.1 (3) of the Human Resource Policies and Procedures Manual 2016, which states that public officers shall not over-commit their salaries beyond two-thirds (2/3) of their basic salaries, and Heads of Human Resource Units should ensure compliance.

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, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Irregular Collection of Revenue Using Ungazetted Rates

Note 1 to the financial statements reflects an amount of Kshs.54,909,892 in respect to other income from exchange transactions. Audit revealed that the Board collected revenue using ungazetted rates which were lower than the gazetted rates resulting to loss of revenue to the Board. However, no evidence was provided to show that the CEO communicated to the County Executive Committee Member on difficulties in revenue collection using gazetted rates contrary to Regulation 63 (2) which requires an Accounting Officer or receiver of revenue who experiences difficulty in collecting revenues due to the County Government shall report the circumstances to the County Executive Committee Member without delay.

In the circumstances, controls on maximum revenue collections could not be confirmed.

#### 2. Irregular Appointment of Board Members

Management did not provide for audit review, Gazette notice appointing Board members, letters of appointment, letters of acceptance by the Board Members, notice of meetings and Board Charter. This was contrary to Mwongozo, 2015 Annexure 1D Paragraph 3(i)(iii) states that the relevant appointing authority shall select and appoint board members. Every appointment shall be by name and notice to the Kenya Gazette. The corporation secretary will ensure that a record of appointment letter, Gazette notice and acceptance by the board member are kept in the personal file of the board member.

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

#### 3. Weakness in ICT Governance and Control

An audit of the Board revealed multiple critical weaknesses indicating inadequate ICT governance, data protection, and systems control. The following anomalies were observed;

**i. Pervasive Manual Processes for Licensing and Accounting.**

The Board relies entirely on manual systems for its core functions. Traders apply for licenses manually, and the subsequent accounting for receipts from these licenses is also managed through manual records and Excel spreadsheets.

**ii. Lack of Data Backup and Disaster Recovery Plan**

The audit could not verify the existence of any data backup mechanisms or a disaster recovery plan. No documentation regarding backup schedules, procedures, or recovery strategies was available.

**iii. Lack of a formal ICT policy**

Lack of ICT policy results in weak management oversight regarding data security and business continuity. There is a critical failure in IT governance, with no assigned responsibility for data protection and no awareness of the need for a recovery plan

**iv. inadequate Control Environment for Financial Data**

Critical financial data, including expense management, is maintained in manual formats and Excel spreadsheets without adequate controls.

**4. Decline in Revenue Collection and Non-Adherence to Approved Budget Execution Requirements**

Review of financial records for the Board revealed that the revenue budget, excluding the balance brought forward, was Kshs.60,000,000, while actual revenue realized was Kshs.54,908,892, resulting in a shortfall of Kshs.5,091,108. Further, an analysis indicated a consistent decline in revenue collection over three consecutive financial years; from Kshs.59,109,767 in FY 2022–2023, Kshs.58,945,577; FY 2023–2024, and Kshs.54,909,892 in FY 2024–2025, indicating weak revenue performance and deviation from approved budget execution.

In the circumstances, the controls in revenue collections could not be confirmed.

**5. Weakness in Revenue Management**

The statement of financial performance and as disclosed in Note 1 to the financial statements, reflects an amount of Kshs.54,909,892 in respect to revenue from exchange transactions. Audit revealed that the fund maintains a manual system in the collection of revenue and records the revenue using Excel instead of using management software. this system is prone to errors, and some of the data discrepancies noted include:

- i. Four (4) licenses from the sampled data were cancelled and reissued without any alteration/changes, meaning there was an issue in tracing the original license assigned when issuing the license document to the licensees.
- ii. Licenses were not issued sequentially, which can result in accountability issues. Licenses series 2,239-2,250 were still in stock, not issued, whereas series 2301-2400 had been fully issued.

In the circumstances, the effectiveness of internal controls in respect to revenue management could not be confirmed.

## **6. Use of Manual System in Collection and Recording Revenue**

Note 1 to the financial statements reflects an amount of Kshs.54,909,892 in respect to other income from exchange transactions. Audit revealed that the Board maintains a manual system in collection and recording of the revenue instead of using a management software. this system is prone to errors and manipulation and the data is not backed up.

In the circumstances, the effectiveness in the revenue collection system for real-time reporting, monitoring and verification of cash flow could not be confirmed.

## **7. Failure to Have Optimal Staffing Levels**

The optimal staffing levels of the Board as per the approved staff establishment was thirty-four (34) employees. However, the staff as at 30 June, 2025 was twenty-three (23) employees leading to a significant staff shortage of eleven (11) employees. A sound and adequate personnel is required for an institution for proper service to the citizens and the serious shortage could hinder the Board from meeting its goals.

In the circumstances, the effectiveness of service delivery could not be confirmed.

## **8. Lack of Disaster Recovery Plan**

Audit reveals that the Board had not assessed the impact of an outage or disruption to the Information Communication Technology (ICT) system and had not developed a business continuity plan or an Information Communication Technology (ICT) disaster recovery plan.

In the circumstances, the Board may not recover or restore critical infrastructure services and systems affecting all operations that rely on the ICT.

## **9. Lack of Risk Management Policy and Internal Audit Function**

Audit of the Alcoholic Drinks Control Board Information Communication Technology (ICT) environment revealed that there was no formal approved ICT policy in place. The ICT policy would have included data security, disaster recovery plans, backup up and retention strategy. Additionally, the Board did not have policies and procedures in place to cover environmental controls, like Fire suppression systems; therefore, the security and reliability of the Board's data, including the management information system, could not be confirmed.

The Board has not assessed the impact of an outage or disruption to the Information Communications Technology (ICT) system, and has not developed a business continuity or IT disaster recovery plan and therefore, in case of a disaster, significant delays or disruptions of activities may occur.

Further, there was no established Internal Audit Charter. The internal auditors shall have a duty to give reasonable assurance through the Audit Committee on the state of risk management, control, and governance within the organization.

In the circumstances, it was not possible to confirm how risks were identified, controlled, monitored, and mitigated during the year under review

#### **10. Failure to Conduct Annual Evaluation of Board Performance**

Review of the Board Documents reveals that the Management did not provide for the audit the evaluation of its Board performance for the year 2024/2025, contrary to Mwongozo, 2015-chapter 1, paragraph 1.12. which states that the Board should determine its performance criteria and undertake an annual evaluation of its performance.

In the absence of a performance evaluation record, it was not possible to assess and confirm the Board Member's contribution to the Board during the year

#### **11. Irregular Collection of Revenue Using Ungazetted Rates**

The statement of financial performance reflects an amount of Kshs.54,909,892 in respect to other income from exchange transactions. Audit revealed that the Board collected revenue using ungazetted rates, which were lower than the gazetted rates, resulting in a loss of revenue to the Board. However, no evidence was provided to show that this was laid before the County Assembly for approval.

In the circumstances, the accuracy of the income from licenses could not be confirmed.

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 the Fund Administration Committee**

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 Meru County Alcoholic Drinks control Board'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 that govern them and that public resources are applied in an effective way.

The Fund Administration Committee is responsible for overseeing the Meru County Alcoholic Drinks Control Board'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 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 it 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**

**25 November, 2025**

## Appendices; Unresolved Prior Year Audit Matters

|    | <b>Financial Year</b> | <b>Audit Issue</b>   |
|----|-----------------------|--|
| 1  | 2023/2024             | Trade and Other Payables from Exchange Transactions        |
| 2  | 2023/2024             | Irregular Payment of Chief Executive Officer Salary        |
| 3  | 2023/2024             | Irregularities in the Payroll                              |
| 4  | 2023/2024             | Failure to observe One Third of Basic Salary Payment Rule  |
| 5  | 2023/2024             | Lack of Disaster Recovery Plan                             |
| 6  | 2023/2024             | Annual Evaluation of Board Performance                     |
| 7  | 2023/2024             | Lack of Risk Management Policy and Internal Audit Function |
| 8  | 2023/2024             | Use of Manual System in Collection and Recording Revenue   |
| 9  | 2023/2024             | Failure to Have Optimal Staffing Levels                    |
| 10 | 2023/2024             | Irregular Collection of Revenue Using Ungazetted Rates     |
| 11 | 2023/2024             | Irregular Appointment of Board Members                     |

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025**

|   | Note | 2024/2025         | 2023/2024          |
|---|------|-------------------|--------------------|
|   |      | KShs              | KShs               |
| <b>Revenue from exchange transactions</b> |      |                   |                    |
| Other income                              | 1    | 54,909,892        | 58,945,577         |
|   |      | <b>54,909,892</b> | <b>58,945,577</b>  |
| <b>Total revenue</b>                      |      | <b>54,909,892</b> | <b>58,945,577</b>  |
| <b>Expenses</b>                           |      |                   |                    |
| Fund administration expenses              | 2    | 12,890,108        | 18,409,331         |
| Use of goods and service                  | 3    | 36,742,185        | 47,893,479         |
| Add: Depreciation                         | 4    | 1,684,234         | 1,612,362          |
| <b>Total expenses</b>                     |      | <b>51,316,527</b> | <b>67,915,172</b>  |
| <b>Other gains/losses</b>                 |      |                   |                    |
| Gain /Loss on fair value of investments   |      |                   |                    |
| <b>Surplus/(deficit) for the period</b>   |      | <b>3,593,365</b>  | <b>(8,969,595)</b> |

(The notes set out on pages 1 to 31 form an integral part of these Financial Statements)

CHIEF EXECUTIVE OFFICER  
 MERU COUNTY ALCOHOLIC  
 DRINKS CONTROL BOARD

Name: **Mr Silas Gitonga Akubu**  
 Administrator of the Fund



Name: **CPA Gaiti Floric**  
 Fund Accountant  
 ICPAK Member Number: **31046**

**Meru County Alcoholic Drinks Control Board**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**15. Statement of Financial Position As at 30 June 2025**

|   | Note | 2024/2025         | 2023/2024        |
|---|------|-------------------|------------------|
|   |      | KShs              | KShs             |
| <b>Assets</b>                                       |      |                   |                  |
| <b>Current assets</b>                               |      |                   |                  |
| Cash and cash equivalents                           | 5    | 7,438,072         | 1,833,608        |
| Prepayments   | 6    | 50,000            | 50,000           |
|   |      | <b>7,488,072</b>  | <b>1,883,608</b> |
| <b>Non-current assets</b>                           |      |                   |                  |
| Property, plant and equipment                       | 7    | 2,553,446         | 3,719,680        |
|   |      | <b>2,553,446</b>  | <b>3,719,680</b> |
| <b>Total assets</b>                                 |      | <b>10,041,518</b> | <b>5,603,288</b> |
| <b>Liabilities</b>                                  |      |                   |                  |
| <b>Current liabilities</b>                          |      |                   |                  |
| Trade and other payables from exchange transactions | 8    | 1,184,474         | 339,609          |
|   |      | <b>1,184,474</b>  | <b>339,609</b>   |
| <b>Non-current liabilities</b>                      |      |                   |                  |
| <b>Total liabilities</b>                            |      | <b>1,184,474</b>  | <b>339,609</b>   |
| <b>Net assets</b>                                   |      | <b>8,857,044</b>  | <b>5,263,679</b> |
| Accumulated surplus                                 |      | 8,857,046         | 5,263,681        |
| <b>Total net assets and liabilities</b>             |      | <b>8,857,044</b>  | <b>5,263,679</b> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 25/7/2025 and signed by:

.....  
**Name: Mr Silas Gitonga Akubu**  
**Administrator of the Fund**

.....  
**Name: CPA Gaiti Floric**  
**Fund Accountant**  
**ICPAK Member Number: 31046**

*Meru County Alcoholic Drinks Control Board*

**Annual Report and Financial Statements for the year ended June 30, 2025**

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**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

|  | Revolving<br>Fund | Revaluation | Accumulated<br>surplus | Total             |
|--|-------------------|-------------|------------------------|-------------------|
|  |                   | Reserve     |                        |                   |
|  |                   | KShs        | KShs                   | KShs              |
| <b>Balance As At 1 July (2023-2024)</b>  | <b>0</b>          | <b>0</b>    | <b>14,233,276</b>      | <b>14,233,276</b> |
| Surplus/(deficit) for the period         | 0                 | 0           | (8,969,595)            | (8,969,595)       |
| Funds received during the year           | 0                 | 0           |                        |                   |
| Transfers                                | 0                 | 0           |                        |                   |
| Revaluation gain                         | 0                 | 0           |                        |                   |
| <b>Balance As At 30 June (2023-2024)</b> | <b>0</b>          | <b>0</b>    |                        | <b>5,263,681</b>  |

|  |          |          |                  |                  |
|--|----------|----------|------------------|------------------|
| <b>Balance As At 1 July (2024-2025)</b>  | <b>0</b> | <b>0</b> | 5,263,681        | 5,263,681        |
| Surplus/(deficit) for the period         | 0        | 0        | 3,593,365        | 3,593,365        |
| Funds received during the year           | 0        | 0        |                  |                  |
| Transfers                                | 0        | 0        |                  |                  |
| Revaluation gain                         | 0        | 0        |                  |                  |
| <b>Balance As At 30 June (2024-2025)</b> | <b>0</b> | <b>0</b> | <b>8,857,046</b> | <b>8,857,046</b> |

*Meru County Alcoholic Drinks Control Board*

**Annual Report and Financial Statements for the year ended June 30, 2025**

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

|  | Note     | 2024/2025           | 2023/2024          |
|--|----------|---------------------|--------------------|
|  |          | KShs                | KShs               |
| <b>Cash flows from operating activities</b>                  |          |                     |                    |
| <b>Receipts</b>  |          |                     |                    |
| Receipts from other operating activities                     |          | 54,909,892          | 58,945,577         |
| <b>Total Receipts</b>  |          | <b>54,909,892</b>   | <b>58,945,577</b>  |
| <b>Total Payments</b>  |          |                     |                    |
| Fund administration expenses                                 |          | 12,347,851          | 18,261,326         |
| General expenses   |          | 36,439,577          | 47,098,229         |
| Increase/ Decrease in Trade Payables                         |          |                     | (221,436)          |
| Finance cost   |          | -                   | -                  |
| <b>Net cash flows from operating activities</b>              |          | <b>6,122,464</b>    | <b>(6,192,542)</b> |
| <b>Cash flows from investing activities</b>                  |          |                     |                    |
| Purchase of property, plant, equipment and intangible assets |          | (518,000.00)        |                    |
| Proceeds from sale of property, plant and equipment          |          | -                   | -                  |
| Proceeds from loan principal repayments                      |          | -                   | -                  |
| Loan disbursements paid out                                  |          | -                   | -                  |
| <b>Net cash flows used in investing activities</b>           |          | <b>(518,000.00)</b> | <b>-</b>           |
| <b>Cash flows from financing activities</b>                  |          |                     |                    |
| Proceeds from revolving fund receipts                        |          | -                   | -                  |
| Additional borrowings  |          | -                   | -                  |
| Repayment of borrowings                                      |          | -                   | -                  |
| <b>Net cash flows used in financing activities</b>           |          | <b>-</b>            | <b>-</b>           |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  |          | <b>5,604,464</b>    | <b>(6,192,542)</b> |
| Cash and cash equivalents at 1 JULY                          | 5        | 1,833,608           | 8,026,152          |
| <b>Cash and cash equivalents at 30 JUNE</b>                  | <b>5</b> | <b>7,438,072</b>    | <b>1,833,608</b>   |

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

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

|                               | Original budget   | Adjustments | Final budget      | Actual on comparable basis | Performance Difference | % utilisation |
|-------------------------------|-------------------|-------------|-------------------|----------------------------|------------------------|---------------|
|                               | 2025              | 2025        | 2025              | 2025                       | 2025                   | 2025          |
| Revenue                       | KShs              | KShs        | KShs              | KShs                       | Kshs                   | %             |
| Revenue B/F                   | 1,833,608         |             | 1,833,608         |                            |                        |               |
| Other income                  | 60,000,000        |             | 60,000,000        | 54,909,892                 | (5,090,108)            | 91.52%        |
| <b>Total income</b>           | <b>61,833,608</b> |             | <b>61,833,608</b> | <b>54,909,892</b>          | <b>(6,923,716)</b>     | <b>88.80%</b> |
| <b>Expenses</b>               |                   |             |                   |                            |                        |               |
| Fund administration expenses  | 15,405,447        |             | 15,405,447        | 12,347,851                 | 3,057,596              | 80.15%        |
| General expenses              | 40,910,161        |             | 40,910,161        | 36,439,577                 | 4,470,584              | 89.07%        |
| Capital Expenditure           | 518,000           |             | 518,000           | 518,000                    | -                      | 100.00%       |
| Development                   | 5,000,000         |             | 5,000,000         | -                          | 5,000,000              | 0.00%         |
| <b>Total expenditure</b>      | <b>61,833,608</b> |             | <b>56,315,608</b> | <b>49,305,428</b>          |                        | <b>87.55%</b> |
| <b>Surplus for the period</b> |                   |             |                   | <b>5,604,464</b>           |                        |               |

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Meru County Alcoholic Drinks Control Board is established by and derives its authority and accountability from Meru County Alcoholic Drinks Control Act of 2014 of the Meru County Assembly which was repealed and re-enact by Meru County Alcoholic Drinks Control Act of 2016 Act. The entity is wholly owned by the County Government of Meru and is domiciled in Kenya. The entity’s principal activity is to advise the County on all matters relating to licensing and control of alcoholic drinks within the County.

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

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

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

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

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

*(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

| <b>Standard</b>  | <b>Effective date and impact:</b>   |
|--|---|
| IPSAS 43:<br>Leases                                      | <i>Applicable 1<sup>st</sup> January 2025</i><br>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.<br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44:<br>Non- Current<br>Assets Held for<br>Sale and | <i>Applicable 1<sup>st</sup> January 2025</i><br>The Standard requires,   |

**Meru County Alcoholic Drinks Control Board**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

|  |  |
|--|--|
| Discontinued Operations                | 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:<br>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.   |
| IPSAS 45: Property Plant and Equipment | <b>Applicable 1<sup>st</sup> January 2025</b><br>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| IPSAS 46: Measurement                  | <b>Applicable 1<sup>st</sup> January 2025</b><br>The objective of this standard was to improve measurement guidance across IPSAS by:<br><ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value.   |
| IPSAS 47: Revenue                      | <b>Applicable 1<sup>st</sup> January 2026</b><br>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.   |
| IPSAS 48: Transfer Expenses            | <b>Applicable 1<sup>st</sup> January 2026</b><br>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  |

**Meru County Alcoholic Drinks Control Board**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

|   |  |
|---|--|
|   | 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.  |
| IPSAS 49:<br>Retirement<br>Benefit Plans                                | <b><i>Applicable 1<sup>st</sup> January 2026</i></b><br>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.  |
| IPSAS 50:<br>Exploration For<br>& Evaluation of<br>Mineral<br>Resources | <b><i>Applicable 1<sup>st</sup> January 2027</i></b><br>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ul> |

**(i) Early adoption of standards**

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

**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 2024-2025 was approved by the County Assembly on 16<sup>th</sup> May 2024. 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.

|                |       |
|----------------|-------|
| Computers      | 33.3% |
| Furniture      | 8%    |
| Motor vehicles | 25%   |

**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 an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is

*Meru County Alcoholic Drinks Control Board*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

**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. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**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.

**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 creates and maintains reserves in terms of specific requirements.

**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 Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**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.

State all judgements, estimates and assumptions made e.g.

**a) Estimates and assumptions –**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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

*Meru County Alcoholic Drinks Control Board*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Notes To the Financial Statements Continued**

**1. Other Income**

| Description     | 2024/2025         | 2023/2024         |
|-----------------|-------------------|-------------------|
|                 | KShs              | KShs              |
| Liquor Licences | 54,909,892        | 58,945,577        |
| <b>Total</b>    | <b>54,909,892</b> | <b>58,945,577</b> |

**2. Fund administration expenses**

| Description           | 2024/2025         | 2023/2024         |
|-----------------------|-------------------|-------------------|
|                       | KShs              | KShs              |
| Staff costs (Note 2a) | 12,890,108        | 18,409,331        |
| <b>Total</b>          | <b>12,890,108</b> | <b>18,409,331</b> |

**2a. Staff costs**

| Description                  | 2024/2025         | 2023/2024         |
|------------------------------|-------------------|-------------------|
|                              | KShs              | KShs              |
| Salaries and wages           | 9,877,136         | 18,409,331        |
| Staff gratuity               | 236,304           |                   |
| Social security contribution | 2,776,668         |                   |
| <b>Total</b>                 | <b>12,890,108</b> | <b>18,409,331</b> |

**3. Use of goods and Services**

| Description  | 2024/2025         | 2023/2024         |
|--------------|-------------------|-------------------|
|              | KShs              | KShs              |
| <b>Total</b> | <b>36,742,185</b> | <b>47,943,479</b> |

| <b>3a. Administration Expenses</b>             |           |           |
|--|-----------|-----------|
| Description                                    | 2024/2025 | 2023/2024 |
|  | KShs      | KShs      |
| Travel Costs                                   | 1,063,800 | 1,206,300 |
| Accommodation-Domestic travel                  | 3,891,475 | 1,527,379 |
| Daily Subsistence Allowance                    | 4,439,150 | 3,403,250 |
| Publishing and printing services               | 1,169,999 | 885,501   |
| Advertising, awareness and publicity campaigns | 2,532,000 | -         |

**Meru County Alcoholic Drinks Control Board**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

|  |                   |                   |
|--|-------------------|-------------------|
| Office rent  | 600,000           | 600,000           |
| Training expenses-Other                                | 1,668,225         | 3,639,309         |
| Catering services, Accomodation, Gifts, Food & Drinks  | 1,581,200         | 450,000           |
| Board, Committee & Conferences                         | 1,143,000         | 1,902,000         |
| General office supplies                                | 813,420           | 839,387           |
| Fuel, oil and lubricants                               | 1,700,000         | 1,331,769         |
| Enforcement cost                                       | 2,749,800         | 3,815,500         |
| Inspection programme cost                              | 5,829,056         | 2,716,000         |
| Research and Strategic Plan                            | -                 | 542,800           |
| Operating Expenses                                     | 4,160,000         | 4,617,250         |
| Maintenance of Motor Vehicles                          | 1,280,844         | 2,009,139         |
| Purchase of Computers, Printers and other IT Equipment | -                 | -                 |
| Bank charges   | 82,857            | 60,385            |
| Utility  | 37,359            | 17,150            |
| Other Expenses - Valuation                             | -                 | 498,740           |
| Medical Insurance                                      | 2,000,000         |                   |
| Pending Bills  |                   | 771,184           |
| <b>Total</b>   | <b>36,742,185</b> | <b>30,833,043</b> |

| <b>3b. Board Expenses</b>                                       |                  |                   |
|---|------------------|-------------------|
| <b>Description</b>  | <b>2024/2025</b> | <b>2023/2024</b>  |
|   | <b>KShs</b>      | <b>KShs</b>       |
| Travel Costs (airlines, bus, railway, mileage allowances, etc.) | -                | 1,189,200         |
| Accomodation- Domestic Travel                                   | -                | 3,050,231         |
| Daily Subsistence Allowance                                     | -                | 902,500           |
| Training expenses   | -                | 3,956,529         |
| Board's committee conference and seminars                       | -                | 2,004,918         |
| <b>Total</b>  | <b>-</b>         | <b>11,103,378</b> |

*Meru County Alcoholic Drinks Control Board*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

| <b>3c. Development</b>                |                  |                  |
|---------------------------------------|------------------|------------------|
| <b>Description</b>                    | <b>2024/2025</b> | <b>2023/2024</b> |
|                                       | <b>KShs</b>      | <b>KShs</b>      |
| Construction of Rehabilitation Centre | -                | 6,007,058        |
| <b>Total</b>                          | <b>-</b>         | <b>6,007,058</b> |

**4. Depreciation and Amortization Expense**

| <b>Description</b>           | <b>2024/2025</b> | <b>2023/2024</b> |
|------------------------------|------------------|------------------|
|                              | <b>Kshs.</b>     | <b>Kshs.</b>     |
| Property Plant and Equipment | 1,684,234        | 1,612,362        |
| <b>Total</b>                 | <b>1,684,234</b> | <b>1,612,362</b> |

**5. Cash and cash equivalents**

| <b>Description</b>                     | <b>2024/2025</b> | <b>2023/2024</b> |
|--|------------------|------------------|
|  | <b>KShs</b>      | <b>KShs</b>      |
| Current account                        | 7,438,072        | 1,833,608        |
| <b>Total cash and cash equivalents</b> | <b>7,438,072</b> | <b>1,833,608</b> |

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

|                              |                       | <b>2024/2025</b> | <b>2023/2024</b> |
|------------------------------|-----------------------|------------------|------------------|
| <b>Financial institution</b> | <b>Account number</b> | <b>KShs</b>      | <b>KShs</b>      |
| <b>a) Current account</b>    |                       |                  |                  |
| Cooperative Bank             | <b>01141418844301</b> | 5,749,457        | 1,385,690        |
| Family Bank                  | <b>063000039570</b>   | 1,683,545        | 442,249          |
| Condolidated Bank            |                       | 5,069            | 5,669            |
| <b>Sub- total</b>            |                       | <b>7,438,072</b> | <b>1,833,608</b> |
| <b>Grand total</b>           |                       | <b>7,438,072</b> | <b>1,833,608</b> |

*Meru County Alcoholic Drinks Control Board*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**6. Prepayments**

| Description  | 2024/2025     | 2023/2024     |
|--------------|---------------|---------------|
|              | KShs          | KShs          |
| Prepaid rent | 50,000        | 50,000        |
| <b>Total</b> | <b>50,000</b> | <b>50,000</b> |

*Meru County Alcoholic Drinks Control Board*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**7. Property, plant and equipment**

|                                    | Land and<br>Buildings | Motor vehicles | Furniture and<br>fittings | Computers and<br>office<br>equipment | Total     |
|------------------------------------|-----------------------|----------------|---------------------------|--------------------------------------|-----------|
| Cost                               | KShs                  | KShs           | KShs                      | KShs                                 | KShs      |
|                                    |                       | 25%            | 8%                        | 33.30%                               |           |
| At 1 <sup>st</sup> July 2023       | 0                     | 3,700,000      | 809,400                   | 1,869,699                            | 6,379,099 |
|                                    | 0                     | -              | -                         | -                                    | -         |
| At 30 <sup>th</sup> June 2024      | 0                     | 3,700,000      | 809,400                   | 1,869,699                            | 6,379,099 |
|                                    |                       |                |                           |                                      |           |
| At 1 <sup>st</sup> July 2024       | 0                     | 3,700,000      | 809,400                   | 1,869,699                            | 6,379,099 |
| Additions                          | 0                     |                |                           | 518,000                              | 518,000   |
|                                    | 0                     |                |                           |                                      |           |
| At 30 <sup>th</sup> June 2025      | 0                     | 3,700,000      | 809,400                   | 2,387,699                            | 6,897,099 |
| <b>Depreciation and impairment</b> |                       |                |                           |                                      |           |
| At 1 <sup>st</sup> July 2023       | 0                     | 770,833        | 39,344                    | 236,880                              | 1,047,057 |
| Depreciation                       | 0                     | 925,000        | 64,752                    | 622,610                              | 1,612,362 |
|                                    | 0                     |                |                           |                                      |           |
| At 30 <sup>th</sup> June 2024      | 0                     | 1,695,833      | 104,096                   | 859,490                              | 2,659,419 |