

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

PARLIAMENT  
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**OF**

**THE AUDITOR-GENERAL**

**ON**

**KIAMBU COUNTY ALCOHOLIC DRINKS  
CONTROL FUND**

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

PAPERS LAID	
DATE	21/3/2024
TABLED BY	Dep. Maj. Gen. P.
COMMITTEE	C P I C
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**COUNTY GOVERNMENT OF KIAMBU  
KIAMBU COUNTY ALCOHOLIC DRINKS CONTROL FUND  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30<sup>TH</sup>, 2023**

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

***Kiambu County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
ADC	Alcoholic Drinks Control
FY	Financial Year
CECM	County Executive Committee Member
NACADA	National Authority for the Campaign Against Alcohol and Drug Abuse
ICPAK	Institute of Certified Public Accountants of Kenya
AWAK	Association of Women Accountants of Kenya

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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**2. Key Entity Information and Management**

**a) Background information**

Kiambu County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from Kiambu County Alcoholic Drinks Control Act,(revised 2022) assented on 8<sup>th</sup> March, 2022. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

The fund's objective is to provide for a framework for the licensing and control of 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's principal activity is to reduce and mitigate the negative health, social and economic impact and other costs on individuals and communities resulting from or associated with production, sale, supply, advertising and consumption of alcoholic drinks.

**b) Principal Activities**

The principal activity of the Fund is to:

- i) Regulate alcohol production, distribution, advertisement, sale and consumption of alcohol in the County.
- ii) Licensing and enforcing the conditions of a licence granted under the Act.
- iii) Coordinate the establishment, implementation and the operations of alcohol treatment andrehabilitation facilities and programs.
- iv) Undertake public education, training sensitization or in any other manner disseminate information on matters relating to alcohol to the public in order to influence positive social development and responsible drinking culture.

**c) Board of Trustees**

The fund has no Board of Trustees.

**d) Key Management Team**

Ref	Name	Position
1	Dr. Margaret Ruinge	Fund Chairperson
2	Charles Njuguna Gikonyo	Fund Administrator
3	Michael Kang'ethe Gachanja	Director ADC
4	Peggy Mwanduka	Fund Accountant

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Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	Kiambu County Internal Audit Committee
2	County Assembly	County Assembly Committee

**f) Registered Offices**

P.O. Box 2344-00900  
County Headquarter Offices  
Kiambu Nairobi Highway

**g) Fund Contacts**

Telephone: (254) 709877000  
Email: info@kiambu.go.ke  
Website: www.kiambu.go.ke

**h) Fund Bankers**

- 1 Central Bank of Kenya  
Haile Sellasie  
Avenue  
P.o Box 60000  
City square 00200  
Nairobi Kenya
- 2 Cooperative Bank of  
Kenya  
Kiambu Branch  
P.O Box 1064-00900  
Kiambu, Kenya
- 3 Family Bank Ltd  
Kiambu Branch  
P.O Box 74145-00200  
Nairobi, 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**

Kiambu County  
P.O BOX 2344-00900  
Kiambu,  
Kenya




*Kiambu County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

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**3. Board of Trustees**

The fund has no Board of trustees.

**4. Management Team**

Name	
 <p>1. DR. MARGARET RUINGE</p>	<p><b>FUND CHAIRPERSON</b>                      She is currently the County Executive Member of Public Service and Administration. She holds a PHD and has worked in the County Government of Kiambu Since 2018.</p>
 <p>2. CHARLES NJUGUNA GIKONYO</p>	<p><b>FUND ADMINISTRATOR</b>                      Born on 10th July 1977 He's a holder of Bachelor of Arts degree majoring in Government and Public Administration, Diploma in Purchasing and Supplies from Chartered Institute of Purchasing and Supplies, Certified Public Secretaries of Kenya and a practising member of institute of certified secretaries of Kenya in good standing He's currently the Chief Officer Administration and the fund administrator.</p>
 <p>3. MICHEAL KANG'ETHE GACHANJA</p>	<p><b>DIRECTOR ALCOHOLIC DRINKS CONTROLFUND</b>                      Born on 1st September,1969.He's a holder of a Master's degree in counselling psychology and aBachelor of Arts degree. He has 10years experience in teaching and 13 years in Administration. He is currently the Director Alcoholic Drinks Control fund since July 2014.</p>

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Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023



3. PEGGY KAVETE MWANDUKA

FUND ACCOUNTANT

Born on 10<sup>th</sup> Feb 1992. She's is holder of a Bachelor's degree in Business Management- Accounting option, and a certified public accountant of Kenya. She's a member of the Institute of Certified Public Accountants of Kenya(ICPAK) and Accounting Women Association of Kenya (AWAK). She has over 6 years experience.

**5. Fund Chairperson's Report**

The Kiambu County Alcoholic Drinks Control Fund was operationalised in the year 2013 in compliance with the provisions of the PFM Act 2012. The Kiambu County Alcoholic Drinks Control Act 2018 was revised in 2022.

The current management of the fund is composed of the Chief Officer- Administration, Director Alcoholic Drinks Control and the Fund Accountant. There was change in the management of the fund during the year under review as a new fund accountant was brought on board.

The fund comprises of monies collected as application fees and license fees and money appropriated by the County Assembly.

Compliance to the Kiambu County Alcoholic Drinks Control Act (revised) 2022 especially by the county treasury will greatly impact the future outlook of the fund. To be able to implement projects and programs of the fund there is need for adequate budgetary allocation. The county treasury needs to fully comply with the provisions of section 12(5) of the Act.

In conclusion, as a Fund we commit to undertake projects and programs towards meeting the objectives of the fund.

**Name: DR. MARGARET RUINGE**

**Signature**.....  .....

**Chairperson of the Fund**

***Kiambu County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

**6. Report of The Fund Administrator**

Below are the activities undertaken and progress made in FY 22-23 with respect to the Kiambu County Alcoholic Drinks Control Fund.

- ◆ Inspections and licensing of alcoholic drinks outlets were carried out as provided for in the Kiambu County Alcoholic Drinks Control Act (revised) 2022 for the year under review.
- ◆ The Directorate coordinated operations of the Sub County Alcoholic Drinks Regulatory Committees during the year under review.
- ◆ There was effective management on enforcement for purposes of achieving optimal efficiency in coordination, control and payment of Alcoholic drinks licences.
- ◆ The Directorate sustained crackdown on substandard, counterfeit and illicit brews throughout the year in all the 12 sub counties leading to a decline in production, sale consumption of the brews. The main focus was along River Chania and Makwa area in Gatundu North Sub county which are notorious in brewing of illicit brews.
- ◆ The Directorate operationalised the Kiambu County Appeals Committee which is responsible for receiving and hearing appeals from bar owners and stakeholders who are not in agreement with the decisions of the Sub county Regulatory committee.
- ◆ The Directorate continued to support Kiambu County Enforcement co-ordination Committee that is tasked with enforcement and compliance. Multiagency sub county committees have continually dealt with non-compliant traders.
- ◆ The performance of actual amounts against the budget in the Directorate is 94% with a variance of 6%. The following table shows the performance of the Fund against the budget for FY 22-23.

<b>Item</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	Kshs.	Kshs.	Kshs.	%
Transfer from county government	31,300,000	31,300,000	0	0
Use of goods and services	31,300,000	29,452,940	1,847,060	6%

**WAYFORWARD**

- ◆ The Directorate to undertake elaborate public education and awareness campaigns aimed at sensitizing the community about dangers of alcohol and other substance abuse.
- ◆ The Directorate to partner with other relevant stakeholders in order to control production, sale and consumption of alcohol and other drugs.
- ◆ The Directorate will initiate construction of rehabilitation and treatment centre at Lusingetti level 4 hospital
- ◆ The Directorate will collaborate with NACADA so as to conduct a research on alcohol use and abuse.

**Kiambu County Alcoholic Drinks Control Fund  
Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

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

**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 Kiambu County Integrated Development Plan (2018-2022) on alcohol control are to :

- (a) To reduce and create awareness on alcohol, drug and substance abuse and offer rehabilitation services.
- (b) Public education on alcoholic drinks control in the county.
- (c) Collaboration with other public institutions and non state actors in fulfilling it's mandate.
- (d) Undertake research on alcohol related issues and disseminate finding.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator
Alcohol, drug and substance abuse and rehabilitation.	To reduce and create awareness on alcohol, drug and substance abuse.	Reduced incidences of alcohol, drugs and substance abuse.	15% reduction of number of persons arrested while contravening alcohol use laws.
Enforcement and crackdown on illicit brewing.	To enforce compliance to the set legislation on alcohol use.	Reduce illicit brews, counterfeits and substandard alcohol	15% reduction of illicit brews.
Research on alcohol, drug and substance abuse.	To carry out a research on the status of alcohol, drug and substance abuse.	Improved planning on alcohol, drug and substance abuse in the county	Number of research reports on status of alcohol, drug and substance abuse.



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**8. Corporate Governance Statement**

The fund does not consist of Board members hence no board meetings were held. The fund is administered by the management team. There are various committees established under this Act. The Sub County Alcoholic Drinks Regulatory Committees established in section 16 (1) of Kiambu County Alcoholic Drinks Control Act, revised 2022 are among the major committees that hold various meetings throughout the year.

**9. Management Discussion and Analysis**

The Directorate of Alcoholic Drinks Control conducted Enforcement on illicit brews and sub- standard liquor across Kiambu County. The main focus was along River Chania and Makwa area in Gatundu North Subcounty which are notorious in brewing of illicit brews.

In the beginning of the calendar year 2023, interested bar owners made applications for renewal and for new premises to be considered for licensing by the respective subcounty Alcoholic Drinks Regulatory Committees.

After this exercise, inspection of liquor outlets was conducted by the Regulatory Committees appointed in the 12 Sub counties. This Inspection exercise was to determine the outlets that met the laid down requirements for each category and later approved for licensing.

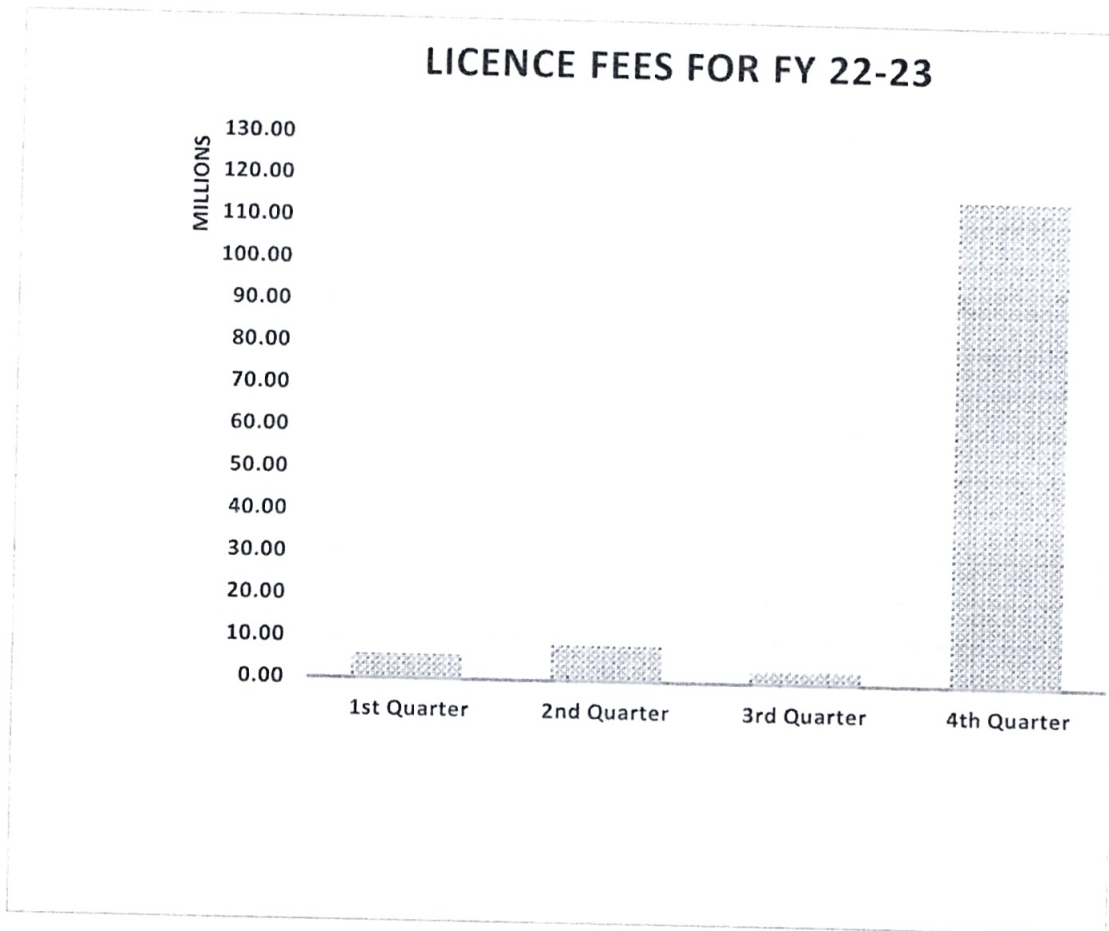
The Directorate operationalised the Kiambu County Appeals Committee which is responsible for receiving and hearing appeals from bar owners and stakeholders who are not in agreement with the decisions of the Subcounty Regulatory committee.

The Sub County Regulatory Committees were operationalised through the appointment and gazettelement of ward representatives for the 60 wards in Kiambu County.

The table below shows the amount of liquor revenue collected for the FY 22/23 which is deposited in Kiambu Alcoholic Drinks Revenue **Account No. 01141371543516** at **Cooperative Bank**.

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<b>DETAILS</b>	<b>AMOUNT</b>
1 <sup>st</sup> Quarter	5,833,218.40
2nd Quarter	8,572,201.75
3rd Quarter	3,180,762.00
4 <sup>th</sup> Quarter	115,943,655.00
<b>TOTAL</b>	<b>133,529,837.15</b>



**10. Environmental and Sustainability Reporting**

The purpose of Kiambu County Alcoholic Drinks Control Act, 2021 is to provide for a framework for the licensing and control of production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for person's dependent on alcoholic drinks.

Licensing and control of production, sale, distribution, promotion and use of alcoholic drinks were regulated accordingly. Other activities such as staff training and development, rehabilitation programs were adversely affected due to limited funding.

**Kiambu County Alcoholic Drinks Control Fund**  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

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**11. Report of The Management**

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

**Principal activities**

The principal activities of the Fund are:

- (i) Regulate alcohol production, distribution, advertisement, sale and consumption of alcohol in the County.
- (ii) Licensing and enforcing the conditions of a licence granted under the Act.
- (iii) Coordinate the establishment, implementation and the operations of alcohol treatment and rehabilitation facilities and programs.
- (iv) Undertake public education, training sensitization or in any other manner disseminate information on matters relating to alcohol to the public in order to influence positive social development and responsible drinking culture.

**Results**

The financial performance of the Fund for the year ended June 30, 2023 are set out on page 1.

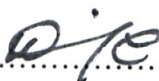
**Trustees**

The fund did not have a Board of Trustees during the year under review|.

**Auditors**

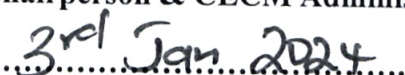
The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Management.

.....  .....

**DR. MARGARET RUINGE**

**Fund Chairperson & CECM Administration and Public Service**

Date: .....  .....

## **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 Kiambu County Government Alcoholic Drinks Control Act, (revised 2022); shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kiambu County Government Alcoholic Drinks Control Act, (revised 2022). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirms 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.

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

***Kiambu County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

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**Approval of the financial statements**

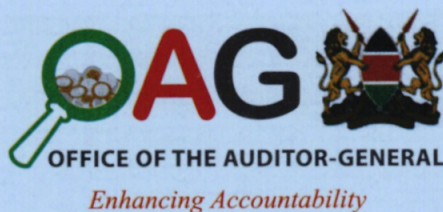
The Fund's financial statements were approved by the management on 3<sup>rd</sup> January  
2024 and signed on its behalf by:



.....  
**Administrator- Kiambu County Alcoholic Drinks Control Fund**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON KIAMBU COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kiambu County Alcoholic Drinks Control Fund set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and

actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with 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 the Kiambu County Alcoholic Drinks Control Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Kiambu County Alcoholic Drinks Control Act (Amended), 2021.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Statement of Cash Flows**

The statement of cash flows reflects net cash flows from operating activities amounting to negative Kshs.5,116,340 for the comparative year. However, recomputation of the statement revealed net cash flows from operating activities amounting to negative Kshs.366,016. The variance of Kshs.4,750,324 was not reconciled. Further, the statement reflects net increase in cash and cash equivalents for the comparative year of Kshs.366,016 while recomputation of the statement reflects a decrease of Kshs.366,016, whereas the statement of financial position as at 30 June, 2022 reflects a cash and cash increase of Kshs.18,660. The statement also reflects prior year cash and cash equivalents balance of Kshs.192,388 as at 30 June, 2022, which differs with the amount of Kshs.192,338 reflected in the in the statement of financial position. The inconsistencies were not explained or supported.

In the circumstances, the accuracy and completeness of the statement of cash flows as presented could not be confirmed.

#### **2. Unreconciled Cash and Cash Equivalents**

The statement of financial position and as disclosed in Note 12 to the financial statements reflects cash and cash equivalents balance of Kshs.7,207,398 which is made up of operations bank account balance of Kshs.7,207,398 and nil revenue collection account balance. However, review of the Kiambu Alcoholic Drinks revenue collection account cash book revealed that the Fund receipts as at 30 June, 2023 amounted to Kshs.133,529,837 which differed with the bank statement receipts amount of Kshs.155,857,672. The variance of Kshs.22,327,835 was not reconciled.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.7,207,398 could not be confirmed.

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

Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final income budget and actual amount on comparable basis amounting to Kshs.464,981,180 and Kshs.164,829,837 respectively resulting in under-collection of revenue amounting to Kshs.300,151,343 or 65% of the budget. Similarly, the statement reflects final expenditure budget and actual amount on comparable basis totaling to Kshs.464,981,180 and Kshs.163,174,777 respectively resulting in an under performance amounting to Kshs.301,806,403 or 65% of the budget. The under collection and under expenditure affected the planned activities and may have negatively impacted on service delivery to the Kiambu Citizens.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Prior Year Audit Issues**

In the audit report of the previous year, several paragraphs were raised. However, although Management has indicated that the issues have been resolved, the matters remain unresolved as the Senate and County Assembly have not deliberated on the same.

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

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Failure to Adhere to the Annual Budget and Work Plan**

The statement of comparison of budget and actual amounts reflects budgeted income amounting to Kshs.31,300,000. Analysis of the Fund budget, workplan and expenditure incurred for the financial year under audit revealed that the Fund did not adhere to the approved work plan. The Fund had planned to carry out public participation meetings in all the 60 wards and 12 sub counties, public education, and awareness campaigns in all the 60 wards and 12 sub counties, conduct a workplace baseline survey on alcohol and substance abuse and capacity building for Sub- County Alcoholic Drinks Regulatory Committees. However, none of the above-mentioned activities were carried out during the financial year. This was contrary to Regulation 42(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer shall ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for only which they were intended and appropriated by the County Assembly.

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

### **2. Over Expenditure on Fund Administration Expenses**

The statement of comparison of budget and actual amounts revealed that Kiambu County Alcoholic Drinks Control Fund budgeted to receive an amount of Kshs.31,300,000 during the year. However, analysis of the fund administration expenses revealed that the entity spent Kshs.27,168,700 on facilitation of Regulatory Committees and enforcement which had a total budget of Kshs.12,600,000 leading to an over expenditure of Kshs.14,568,700 which was not authorized. This was contrary to Regulation 43(2) of the Public Finance Management (County Governments) Regulations 2015, which states that a County Government entity shall execute their approved budgets based on the annual appropriation legislation, and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the County Emergency Fund, or supplementary estimates.

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

### **3. Long Outstanding Trade and Other Payables**

The statement of financial position and Note 20 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.44,590,277. Review of the trade and other payables ageing analysis revealed that the balance had been outstanding for over four years. Further, an amount of Kshs.6,163,048 for statutory deductions had not been remitted to various statutory bodies.

In the circumstances, the long outstanding payables may expose the Fund to litigation charges resulting to additional costs and the risk of ceasing operations.

#### **4. Failure to Allocate Funds for Treatment and Rehabilitation Services Programs**

Analysis of the Kiambu County Alcoholic Drinks Control Fund budget and workplan for the year under review revealed that the Fund Management did not allocate funds for treatment and rehabilitation services, programs, and related infrastructure. This was contrary to Section 9 of Kiambu County Alcoholic Drinks Control Act, 2018 which require establishment of treatment and rehabilitation services, facilities and programs for person's dependent on alcoholic drinks in the County health facilities, ensure that the rehabilitation centers are adequately staffed, they are designed in a manner that is accessible and affordable to person's dependent on alcoholic drinks and where applicable, are integrated with other social services and programs.

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

#### **5. Irregular Transfers to the County Revenue Fund**

The statement of financial performance and Note 3 to the financial statements reflects fines, penalties and other levies amounting to Kshs.133,529,837. However, the amount of Kshs.133,721,837 collected in the liquor revenue account was treated as County revenue and transferred into the County Revenue Fund instead of retaining the revenue for the purposes of the Fund. This was contrary to Section 12(5) of the Kiambu County Alcoholic Drinks Control Act, 2018 which states that the receipts, earnings or accruals of the Fund shall not be treated as County revenue and its balances at the close of each financial year shall not be paid into the county revenue account but shall be retained for the purposes of the Fund.

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

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

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

#### **Conclusion**

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

#### **Basis for Conclusion**

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

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control does not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi


13 February, 2024


**Kiambu County Alcoholic Drinks Control Fund**  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2023**

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

Description	Note	Period ended	Period ended
		June 30 <sup>th</sup> 2023	June 30 <sup>th</sup> 2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	31,300,000	23,950,000
Fines, Penalties and Other Levies	3	133,529,837	215,914,466
<b>Sub Total</b>		<b>164,829,837</b>	<b>239,864,466</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	0	0
Other Income	5	0	0
<b>Sub Total</b>		<b>0</b>	<b>-</b>
<b>Total Revenue</b>		<b>164,829,837</b>	<b>239,864,466</b>
<b>Expenses</b>			
Employee Costs	6	0	22,961,000
Use of goods and services	7a	29,452,940	937,340
Transfer to CRF	7b	133,721,837	215,722,466
Depreciation and Amortization Expense	8	0	0
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>163,174,777</b>	<b>239,620,806</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	0	0
Gain /Loss on fair value of investments	11	0	0
<b>Sub Total</b>			
<b>Surplus/(Deficit) for the Period</b>		<b>1,655,060</b>	<b>243,660</b>

The notes set out on pages 20 to 41 form an integral part of these Financial Statements

.....  
  
Name: Charles Gikonyo  
Administrator of the Fund

.....  
  
Name: Peggy Mwanduka  
Fund Accountant  
ICPAK Member Number:26469

*Kiambu County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2023**

**15. Statement of Financial Position As at 30<sup>th</sup> June 2023**

Description	Note	Period ended	Period ended
		June 30 <sup>th</sup> 2023	June 30 <sup>th</sup> 2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	7,207,398	192,338
Current Portion of Long- Term Receivables From Exchange Transactions	13	0	5,360,000
Prepayments	14	0	
Inventories	15	0	0
Investments in Financial Assets	16	0	0
		<b>7,207,398</b>	<b>5,552,338</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	0	0
Intangible Assets	18	0	0
Long Term Receivables from Exchange Transactions	13	0	0
Investment Property	19	0	0
		0	0
<b>Total Assets</b>		<b>7,207,398</b>	<b>5,552,338</b>
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	44,590,277	43,019,436
Provisions	21	0	0
Current Portion of Borrowings	22	0	0
Employee Benefit Obligations	23	0	0
Social Benefits	24	0	0
		<b>44,590,277</b>	<b>43,019,436</b>
<b>Non-Current Liabilities</b>			
Non-Current Employee Benefit Obligation	23	0	0
Long Term Portion of Borrowings	22	0	0
Social Benefits	24	0	0
		0	0
<b>Total Liabilities</b>		<b>44,590,277</b>	<b>43,019,436</b>
<b>Net Assets</b>		<b>(37,382,879)</b>	<b>(37,467,098)</b>
Revolving Fund		0	0
Reserves		0	0

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Description	Note	Period ended	Period ended
		June 30 <sup>th</sup> 2023	June 30 <sup>th</sup> 2022
Accumulated Surplus		(37,382,879)	(37,467,098)
<b>Total Net Assets and Liabilities</b>		<b>(37,382,879)</b>	<b>(37,467,098)</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 31<sup>st</sup> Jan 2024 and signed by:



.....  
**Name: Charles Gikonyo**  
**Administrator of the Fund**



.....  
**Name: Peggy Mwanduka**  
**Fund Accountant**  
**ICPAK Member Number:26469**

**Kiambu County Alcoholic Drinks Control Fund**  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance as at 1 July 2021</b>	0	0	(37,710,758)	(37,710,758)
Surplus/(Deficit) For the Period	-	-	243,660	243,660
Transfers	-	0	-	-
Revaluation Gain	0	0	-	-
<b>Balance as at 30th June 2022</b>			<b>(37,467,098)</b>	<b>(37,467,098)</b>
<b>Balance as at 1<sup>st</sup> July 2022</b>	0	0	<b>(37,467,098)</b>	<b>(37,467,098)</b>
Prior year adjustments			(1,570,841)	(1,570,841)
Surplus/(Deficit) For the Period		-	1,655,060	1,655,060
Funds Received During the Year	0	-	-	-
Transfers	0		0	0
Revaluation Gain	-	0	-	-
<b>Balance as at 30 June 2023</b>	0	0	<b>(37,382,879)</b>	<b>(37,382,879)</b>

*Kiambu County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

**17. Statement of Cash Flows for The Year Ended 30 June 2023**

Description	Note	Period ended June 30th 2023	Period ended June 30th 2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1	0	0
Transfers from the county government	2	31,300,000	23,950,000
Liquor licenses	3	133,529,837	215,914,466
Receipts from other operating activities		0	0
<b>Total receipts</b>		<b>164,829,837</b>	<b>239,864,466</b>
<b>Payments</b>			
Employee Costs	6	-	22,961,000.00
Use of goods and services	7a	29,452,940	937,340
Transfer to CRF	7b	133,721,837	215,722,466
Depreciation and Amortization Expense	8	-	-
Total payments	0	<b>163,174,777</b>	<b>239,620,806</b>
<b>Cash flows from operating activities</b>		<b>1,655,060</b>	<b>243,660</b>
Adjusted for:			
Decrease/(increase) in Accounts receivable	33	5,360,000	-5,360,000
Decrease/(increase) in Accounts payable	34	1,570,841	4,750,324
Prior Year Adjustments	32	-1,570,841	
<b>Net cash flows from operating activities</b>		<b>7,015,060</b>	<b>-5,116,340</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		0	0
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		0	0
<b>Net cash flows used in investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		0	0
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>7,015,060</b>	<b>366,016</b>
<b>Equivalents</b>			

***Kiambu County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

Cash and cash equivalents at 1 July 2022		192,338	173,678
Cash and cash equivalents at 30th June 2023		7,207,398	192,388

*Kiambu County Alcoholic Drinks Control Fund*

Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations	0	0	0	0	0	
Transfers From County Govt.	31,300,000	-	31,300,000	31,300,000	-	100%
Fines, Penalties and Other Levies	433,681,180	-	433,681,180	133,529,837	300,151,343	31%
Other Income	-	-	-	-	-	
<b>Total Income</b>	<b>464,981,180</b>	<b>-</b>	<b>464,981,180</b>	<b>164,829,837</b>	<b>300,151,343</b>	<b>35%</b>
<b>Expenses</b>						
Use of goods and services	31,300,000		31,300,000	29,452,940	1,847,060	94%
Transfer to CRF	433,681,180	-	433,681,180	133,721,837	299,959,343	31%
Finance Cost	-	-	-	-	-	
<b>Total Expenditure</b>	<b>464,981,180</b>	<b>-</b>	<b>464,981,180</b>	<b>163,174,777</b>	<b>301,806,403</b>	<b>35%</b>
<b>Surplus for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,655,060</b>	<b>-1,655,060</b>	
<b>Capital expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

There was poor performance realization and transfers to CRF of budgeted levies from levies (liquor license) as license approval were issued late in the financial year under consideration.

**Kiambu County Alcoholic Drinks Control Fund**  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

**19. Notes to the Financial Statements**

**1. General Information**

Kiambu County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from Kiambu County Alcoholic Drinks Control Act, revised 2022 . The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity’s principal activity is to reduce and mitigate the negative health, social and economic impact and other costs on individuals and communities resulting from or associated with production, sale, supply, advertising and consumption of alcoholic drinks.

The fund’s objective is to provide for a framework for the licensing and control of production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for person’s dependent on alcoholic drinks.

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

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

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

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

Standard	Effective date and impact
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p>

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

*Kiambu County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2023**

Standard	Effective date and impact
IPSAS resulting from IPSAS 41, Financial Instruments	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>

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

*Kiambu County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2023**

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**(iii) Early adoption of standards**

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

**Kiambu County Alcoholic Drinks Control Fund  
Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2023**

**1. Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**ii. Revenue from exchange transactions**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2022/2023 was approved by the County Assembly. There were no additional appropriations added to the original budget by the entity.

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.

*Kiambu County Alcoholic Drinks Control Fund*  
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**Summary of Significant Accounting Policies (Continued)**

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**e) Investment property**

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

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

**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. 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.

*Kiambu County Alcoholic Drinks Control Fund*  
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**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.

**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**g) Inventories**

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**h) Provisions**

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

**i) Social Benefits**

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

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*Summary of Significant Accounting Policies (Continued)*

**j) Contingent liabilities**

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

**Contingent assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits – Retirement benefit plans**

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

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

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*Summary of Significant Accounting Policies (Continued)*

**n) Foreign currency transactions**

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

**o) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**p) Related parties**

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

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) Comparative figures**

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

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*Summary of Significant Accounting Policies (Continued)*

**5. Significant judgments and sources of estimation uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

**c) Provisions**

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

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

*Kiambu County Alcoholic Drinks Control Fund*

Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023

**6. Notes To The Financial Statements**

**1. Public contributions and donations**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Transfers From County Govt. –Operations	31,300,000	23,950,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>31,300,000</b>	<b>23,950,000</b>

**3. Liquor licenses**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Bar operation fees	133,529,837	215,914,466
Fines	0	-
<b>Total</b>	<b>133,529,837</b>	<b>215,914,466</b>

**4. Interest income**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Interest Income from Mortgage Loans	0	0
Interest Income From Car Loans	0	0
Interest Income From Investments in financial assets	0	0
Interest Income On Bank Deposits	0	0
<b>Total Interest Income</b>	<b>0</b>	<b>0</b>

*Kiambu County Alcoholic Drinks Control Fund*  
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**Notes to the Financial Statements Continued**

**5. Other income**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Insurance Recoveries	0	0
Income from Sale of Tender Documents	0	0
Bad debts recovered	0	0
Miscellaneous Income	0	0
<b>Total Other Income</b>	<b>0</b>	<b>0</b>

**6. Employee Costs**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Staff costs	0	22,961,000
<b>Total</b>	<b>0</b>	<b>22,961,000</b>

**7. (a) Use of Goods and Services**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs.	Kshs.
General Office Expenses	62,580	200,000
Loan Processing Costs	-	-
Professional Services Costs	1,427,000	-
Administration Fees	-	-
Committee Allowances	27,168,700	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	10,000	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	357,705	264,520
Rental Costs	-	-

**Kiambu County Alcoholic Drinks Control Fund**  
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Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs.	Kshs.
Security Costs	-	-
Telephone And Communication Expenses	40,000	100,000
Bank Charges	57,240	190,820
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Hospitality	329,715	182,000
Social benefit expenses	-	-
<b>Total</b>	<b>29,452,940</b>	<b>937,340</b>

*Included in the use of goods is bank charges to comply with the reporting template. In the comparative period, this category had been presented under finance costs.*

**7(b)**

Transfer to CRF	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
Transfer to CRF	133,721,837	215,722,466
<b>Sub Total</b>	<b>133,721,837</b>	<b>215,722,466</b>

*Transfer to CRF is 133,529,837 plus Kshs 192,000 which was the (revenue) bank balance at 30<sup>th</sup> June 2023. All the money was transferred to CRF.*

**8. Depreciation and Amortization Expense**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**9. Finance costs**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	0
Interest On Loans From Banks	-	0
<b>Total</b>	<b>-</b>	<b>-</b>

*In the comparative period, there were bank charges o Kshs. 190,820 which were presented under finance costs. However, in the current reporting period, these bank charges have been represented under note 7 under use of goods and services to comply with the reporting template.*

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

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**11. Gain/ (loss) on Fair Value Investments**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
<b>Total Gain</b>	<b>0</b>	<b>0</b>

**12. Cash and cash equivalents**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	7,207,398.00	338
Receiving account	-	192,000.00
<b>Total Cash And Cash Equivalents</b>	<b>7,207,398.00</b>	<b>192,338.00</b>

**Kiambu County Alcoholic Drinks Control Fund**  
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**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Family Bank	001000041973	7,207,398.00	338
Bank B		-	192,000.00
<b>Sub- Total</b>		<b>7,207,398.00</b>	<b>192,338.00</b>
<b>d) Others(Specify)</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>7,207,398.00</b>	<b>192,338.00</b>

**13. Receivables from exchange transactions**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	0	0
Due from county government	0	5,360,000.00
Current Loan Repayments Due	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
<b>Total Current Receivables</b>	<b>0</b>	
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	0	0
<b>Total Non- Current Receivables</b>	<b>0</b>	<b>0</b>
<b>Total Receivables From Exchange Transactions</b>	<b>0</b>	<b>5,360,000.00</b>

*Kiambu County Alcoholic Drinks Control Fund*  
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**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
<b>Current loan repayments due</b>	0	0
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

**14. Prepayments**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments	0	0
<b>Total</b>	0	0

**15. Inventories**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (Specify)	0	0
<b>Total Inventories at The Lower of Cost and Net Realizable</b>	0	0

**Kiambu County Alcoholic Drinks Control Fund**  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2023**

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**Notes to the Financial Statements Continued**

**16. Investments in financial assets**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank	0	0
Bank	0	0
Sub- total	0	0
<b>c. Equity investments (specify)</b>		
Equity	0	0
Sub- total	0	0
<b>Grand total</b>	<b>0</b>	<b>0</b>

**Movement of Equity Investments**

Impairment allowance/ provision	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	0	0
Gain/(loss) in fair value of investments through surplus or deficit	0	0
<b>At the end of the year</b>	<b>0</b>	<b>0</b>

**e) Shareholding in other entities**

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding	Kshs	Current year	Prior year
	%	%	%		Kshs	Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
	0	0	0	0	0	0

*Kiambu County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

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

**17. Property, plant and equipment**

<b>Cost</b>	<b>Land and Buildings Kshs</b>	<b>Motor vehicles Kshs</b>	<b>Furniture and fittings Kshs</b>	<b>Computers and office equipment Kshs</b>	<b>Total Kshs</b>
<b>At 1<sup>st</sup> July 2021</b>	0	0	0	0	0
Additions	0	0	0	-	0
Transfers/Adjustments	0	0	0	0	0
<b>At 30<sup>th</sup> June 2022</b>	0	0	0	0	0
<b>At 1<sup>st</sup> July 2022</b>					
Additions	0	0	0	-	0
Disposals	0	-	-	-	0
Transfer/Adjustments	0	0	0	0	0
<b>At 30<sup>th</sup> June 2023</b>	0	0	0	0	0
<b>Depreciation And Impairment</b>					
<b>At 1<sup>st</sup> July 2021</b>	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	-	0
<b>At 30<sup>th</sup> June 2022</b>	0	0	0	0	0
<b>At 1<sup>st</sup> July 2022</b>					
Depreciation	0	0	0	-	0
Disposals	0	-	-	-	0
Impairment	0	0	0	-	0
Transfer/Adjustment	0	0	0	0	0
<b>At 30<sup>th</sup> June 2023</b>	0	0	0	0	0
<b>Net Book Values</b>					
<b>At 30<sup>th</sup> June 2022</b>	0	0	0	0	0
<b>At 30<sup>th</sup> June 2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Kiambu County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup> , 2023**

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

**18. Intangible assets**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	0	0
Additions	0	0
<b>At End of The Year</b>	<b>0</b>	<b>0</b>
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	0	0
Amortization	0	0
<b>At End of The Year</b>	<b>0</b>	<b>0</b>
Impairment Loss	0	0
<b>At End of The Year</b>	0	0
<b>NBV</b>	<b>0</b>	<b>0</b>

**19. Investment Property**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
<b>At beginning of the year</b>	0	0
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
Gain/(loss) in fair value (if fair value is elected)	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>

*Kiambu County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30<sup>th</sup>, 2023**

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

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**24. Social Benefit Liabilities**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Current social benefits	0	0
Non- current social benefits	0	0
<b>Total (tie to totals above)</b>	<b>0</b>	<b>0</b>

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

**25. Cash generated from operations**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>10,804,219</b>	<b>-</b>
<b>Adjusted For:</b>		
Depreciation	0	-
Amortisation	0	-
Gains/ Losses On Disposal Of Assets	0	-
Interest Income	0	-
Finance costs		-
<b>Working Capital Adjustments</b>		
Increase In Inventory	0	
Decrease In Receivables	(5,360,000 )	-
Increase In Payables	1,570,841	-
<b>Net Cash Flow From Operating Activities</b>	<b>7,015,060</b>	<b>-</b>

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Notes To The Financial Statements (Continued)

**26. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Transfers From Related Parties'	31,300,000	23,950,000
Transfers To Related Parties	0	0

**c) Key management remuneration**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**d) Due from related parties**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	5,360,000
<b>Total</b>	<b>0</b>	<b>5,360,000</b>

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**Other Disclosures Continued**

**e) Due to related parties**

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**27. Contingent assets and contingent liabilities**

Contingent Liabilities	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Court Case Against the Fund	0	0
Bank Guarantees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

**28. Financial risk management**

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

The Financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	7,207,398	0	0	0
<b>Total</b>	<b>7,207,398</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	5,360,000	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	192,338	0	0	0
<b>Total</b>	<b>5,552,338</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Kiambu County Alcoholic Drinks Control Fund**  
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**Notes To The Financial Statements (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

**b) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade Payables	0	0	44,590,277	44,590,277
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>44,590,277</b>	<b>44,590,277</b>
<b>At 30 June 2022</b>				
Trade Payables	0	0	43,019,436	43,019,436
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>43,019,436</b>	<b>43,019,436</b>

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

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**i. Foreign currency risk**

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>June 2023</b>			
Euro	10%	0	0
USD	10%	0	0
<b>June 2022</b>			
Euro	10%	0	0
USD	10%	0	0

**ii. Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Sensitivity analysis**

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

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

**d) Capital risk management.**

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

Description	Period ended June 30 <sup>th</sup> 2023	Period ended June 30 <sup>th</sup> 2022
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	(37,382,879)	(37,467,098)
<b>Total funds</b>	<b>(37,382,879)</b>	<b>(37,467,098)</b>
Total borrowings	0	0
Less: cash and bank balances	(7,207,398)	(192,338)
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	<b>(44,590,277)</b>	<b>(37,659,436)</b>

**29. Events after the reporting period**

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

**30. Ultimate and Holding Entity**

The Kiambu County Alcoholic Drinks Fund is a County Public Fund established by Kiambu County Alcoholic Drinks Control Act (*Revised 2022*) under the Department of Administration. Its ultimate parent is the County Government of Kiambu.

**31. Currency**

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

**32. Prior Year Adjustment for FY Ended 30th June 2023**

	FY 22-23	Adjustments c/f	Net Changes	Remarks
Accumulated Surplus	(37,467,098)	(39,037,939)	1,570,841	The audited accumulated deficit had been understated by Kshs. 1,570,841 due to understatement of payables
<b>Sub total</b>			<b>1,570,841</b>	

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**33. INCREASE/ (DECREASE) IN ACCOUNT RECEIVABLES**

Description	PERIOD ENDED JUNE 30, 2023
	Kshs
Receivables as at 1 <sup>st</sup> July 2022 (a)	5,360,000
Receivables as at 30th June 2023 (b)	0
Increase /(Decrease) in Receivables c=b-a	<b>(5,360,000)</b>

**34. INCREASE/ (DECREASE) IN ACCOUNTS PAYABLES**

Description	PERIOD ENDED JUNE 30, 2023
	Kshs
Payables as at 1st July 2022 (a)	(43,019,436)
Payables as at 30th June 2023 (b)	(44,590,277)
Increase/ (Decrease) in Payables c=b-a	<b>1,570,841</b>

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**20. Annexes**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/NRO/KCE /ADCF/2021/2022/(26)	Expenditure of finance costs not supported.	The expenditure has been supported and the ledgers have been availed	Resolved	One week
OAG/NRO/KCE /ADCF/2021/2022/(26)	Inaccuracies in the financial statements.	The error has been corrected in the financial statement.	Resolved	Two weeks
OAG/NRO/KCE /ADCF/2021/2022/(26)	Inaccurate receivables from exchange transactions balance	The error has been corrected in the financial statement.	Resolved	One week
OAG/NRO/KCE /ADCF/2021/2022/(26)	Variance in the amount of transfers from the county government.	The variance arose since the county executive reported under cash basis of accounting in contrast with the fund accrual model of reporting.	Resolved	One week
OAG/NRO/KCE /ADCF/2021/2022/(26)	Overstatement of fund administrative expenses	The aforesaid transaction had not been recognised in the previous financial year	Resolved	One week

Fund Administrator

*Charles Cuthongo*

Date.....

*3<sup>rd</sup> January 2024*

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

**Alcoholic Drinks Control Fund**

P.O. Box 2344-00900

Kiambu County wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Alcoholic Drinks Control Fund as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Kiambu County (Kshs) as at 30 <sup>th</sup> June 2023				Amount Received by ADC Fund (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT22336B8ZTV	2/12/2022	6,138,500	0	0	6,138,500	6,138,500	0
FT23146H1TR3	26/5/2023	25,161,500	0	0	25,161,500	25,161,500	0
<b>Total</b>		<b>31,300,000</b>			<b>31,300,000</b>	<b>31,300,000</b>	

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

**Accountant ADC Fund**

Name :Peggy Mwanduka Sign ..... *PWT* ..... Date ..... 3/1/2024 .....

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

*Kiambu County  
Alcoholic Drinks Control Fund*

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

There was no expenditure on climate change.

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

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