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REPORT

OF

THE AUDITOR-GENERAL

ON

KERICHO COUNTY ALCOHOLIC DRINKS CONTROL FUND

FOR THE YEAR ENDED 30 JUNE, 2025

PAPERS LAID
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CLERK AT THE TABLE Abdirahman







COUNTY GOVERNMENT OF KERICHO

KERICHO COUNTY ALCOHOLIC DRINKS CONTROL FUND

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

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

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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

Provide a list of Acronyms and Key terms used in the financial report as per above example. The list to be exhaustive)

2. Key Entity Information and Management

a) Background information

The Kericho County Alcoholic Drinks Control Fund is established under the authority of the Kericho County Alcoholic Drinks Control Act, 2014, and operates in accordance with the Constitution of Kenya. The Fund is fully owned and managed by the County Government of Kericho and is domiciled in Kenya.

The Fund was created to facilitate the licensing and regulation of alcoholic drinks within the county, pursuant to Part II of the Fourth Schedule of the Constitution, which delegates this function to county governments. Its overall goal is to control the production, sale, distribution, promotion, and consumption of alcoholic drinks, as well as to promote research, treatment, and rehabilitation for individuals affected by alcohol dependency.

The objectives of the Fund are to:

1. Protect public health, particularly individuals at risk from excessive consumption of alcoholic drinks;
2. Shield minors (under 18 years) from health risks and adverse social influences related to alcohol exposure and advertising;
3. Safeguard consumers from misleading marketing and educate them on the health risks associated with alcohol misuse;
4. Prevent access to alcohol by persons under the age of eighteen;
5. Educate the public on the harmful health, social, and economic effects of alcohol consumption;
6. Combat illicit alcohol trade, including smuggling, counterfeiting, and unlicensed manufacturing;
7. Promote ethical business practices in the production, marketing, and sale of alcoholic drinks;
8. Mitigate the adverse social, health, and economic impacts of alcohol consumption on communities.

b) Principal Activities

The core mandate of the Fund is to finance both capital and recurrent expenditures related to the implementation of its objectives as outlined in Section 4 of the Kericho County Alcoholic Drinks Control Act, 2014.The Fund supports the execution of its mandate through:

- Licensing and regulatory operations for alcoholic beverages within the county;
- Funding community awareness and education programs on alcohol-related harm;
- Facilitating the functioning of Sub-County Alcoholic Drinks Regulation Committees;
- Supporting enforcement activities through the Review and Enforcement Committees;
- Promoting rehabilitation and treatment programs for individuals affected by alcohol dependence

a) Fund Administration Committee

Ref	Name	Position
1	chairperson	Hon. John Cheruiyot
2	secretary	Mr. Willy Rop (Co Trade)
3	Fund Administrator	CPA Dr. George Kirer(Co finance)
4	Programme Officer	Joseph Rotich
5	Finance Officer	KiptanuiCheruiyot
6	Licensing Officer	Sharon Boit

b) Key Management Team

Ref	Name	Position
1	Chairperson	Hon. John Cheruiyot
2	Secretary	Mr. Willy Rop (CO Trade)
3	Fund Administrator	CPA Dr. George Kirer
4	Programme Officer	Joseph Rotich
5	Finance Officer	KiptanuiCheruiyot
6	Licensing Officer	Sharon Boit

Key Entity and Management (Continued)

c) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Caroline Chepkemoi
2	Sub County Alcoholic Drinks Regulation Committee	CEC Member Department of Trade
3	Parliamentary Investment Committee	Chairperson PIC, Senate
4	County Assembly of Kericho	Departmental County Assembly Committee
5	Office of Auditor General	Auditor-General

d) Registered Offices

P.O. Box 112-20200
Trade Building
Next to Uhuru Gardens
Kericho, KENYA.

e) Fund Contacts

E-mail: info@kericho.go.ke
Web: www.kericho.go.ke
Telephone: (254) 724 753 040

f) Fund Bankers

Equity Bank
Kericho Branch
P.O. Box 1562-20200
Kericho, KENYA

g) Independent Auditors

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

h) Principal Legal Adviser

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

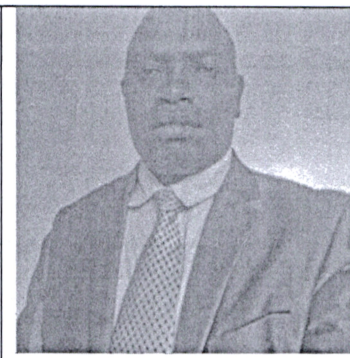
i) County Attorney

Governor's Office
P.O. Box 122-20200
KERICHO.

3. Fund Administration Committee

Name	Details of qualifications and experience	Passport size photo
1. Hon. John Cheruiyot	Mr. John Kipngeno Cheruiyot is the County Executive Committee Member (CECM) for Trade, Industrialization, Innovation, Tourism, and Wildlife, and serves as the Chairperson of the Kericho County Alcoholic Drinks control Fund. He holds an MBA in Strategic Management from the University of Nairobi, a BCom in Finance from Moi University, and is a Certified Public Accountant (CPA-K). With over 15 years of experience in enterprise development, financial management, and public service, Mr. Cheruiyot has previously worked with Kenya Industrial Estates and regional microfinance institutions. His leadership is ensuring accountability, transparency, and community representation in the management of the Fund.	
2. Mr. Willy Rop	Mr. Willy Rop is the chief officer of the department and serves as a secretary of the Kericho County Alcoholic drinks control fund Oversight Committee. He brings with him a wealth of experience in financial management, cooperative development, and SME support. Mr. Rop holds a degree in Business Administration and has undergone extensive training in credit management and public sector governance. He has over 5 years of experience working with community-based financial institutions, SACCOs, and youth empowerment programs. His involvement in the Fund focuses on loan appraisal, beneficiary engagement, and monitoring the effectiveness of enterprise support programs. Mr. Rop plays a key role in ensuring accountability, transparency, and community representation in the management of the Fund.	

3. CPA Dr. George Kirer	CPA Dr. George Kirer is a seasoned financial expert and academic, currently serving as a Fund administrator of the Kericho County Alcoholic Drinks control Fund Oversight Committee. He is a Certified Public Accountant (CPA-K) and a distinguished scholar holding a Doctorate (PhD) in Finance. Dr. Kirer has extensive experience spanning over 20 years in public sector financial management, audit, budgeting, and institutional governance. He has served in various senior capacities in government and academia, contributing to public financial reforms and policy development. As a committee member, Dr. Kirer provides critical oversight on financial reporting, risk management, and strategic fund planning. His leadership ensures that the Fund maintains fiscal discipline, adheres to IPSAS standards, and ensuring accountability, transparency, and community representation in the management of the Fund.	
5. Joseph Rotich	He is the Ag. Director Trade, Industrialization &Innovation and also the Program Officer to the Kericho County Alcoholic Drinks control Fund. He holds a master's Degree in business administration (strategic management) He brings with him a wealth of experience in financial management, Trade development, and SME support. Mr. Rotich He has over 15 years of experience working with community-based financial institutions, SACCOs, and youth empowerment programs. His involvement in the Fund focuses on loan appraisal, beneficiary engagement, and monitoring the effectiveness of enterprise support programs. Mr. Rotich plays a key role in ensuring accountability, transparency, and community representation in the management of the Fund.	

6. Kiptanui Cheruiyot	Mr. Kiptanui Cheruiyot serves as the Accountant to the Department of Trade, Industrialization, Innovation, Tourism and Wildlife and concurrently as the Finance Officer to the Kericho County Alcoholic Drinks control Fund. He holds a degree in Commerce (Accounting) and has professional training in public financial management and fund administration. With over 8 years of experience in government accounting, budgeting, and financial reporting, Mr. Cheruiyot ensures that the Fund's financial operations are compliant with the Public Finance Management Act, 2012 and IPSAS standards. His core responsibilities include overseeing fund disbursements, preparing financial statements, managing reconciliations, and supporting the annual audit process. As a committee member, he provides technical advice on budgeting, cash flow, and financial sustainability of the Fund	
5. Sharon Boit	She is a Trade Development Officer I and the Licensing Officer to the Fund. She holds a masters Degree in Business information Administration (strategic management) and the licensing officer to the Kericho County Alcoholic Drinks control Fund	

4. Management Team

Name	Details of qualifications and experience	
1. Hon. John Cheruiyot	Mr. John Kipngeno Cheruiyot is the County Executive Committee Member (CECM) for Trade, Industrialization, Innovation, Tourism, and Wildlife, and serves as the Chairperson of the Kericho County Alcoholic Drinks control Fund. He holds an MBA in Strategic Management from the University of Nairobi, a BCom in Finance from Moi University, and is a Certified Public Accountant (CPA-K). With over 15 years of experience in enterprise development, financial management, and public service, Mr. Cheruiyot has previously worked with Kenya Industrial Estates and regional microfinance institutions. His leadership is ensuring accountability, transparency, and community representation in the management of the Fund.	
2. Mr. Willy Rop	Mr. Willy Rop is the chief officer of the department and serves as a secretary of the Kericho County Alcoholic drinks control fund Oversight Committee. He brings with him a wealth of experience in financial management, cooperative development, and SME support. Mr. Rop holds a degree in Business Administration and has undergone extensive training in credit management and public sector governance. He has over 5 years of experience working with community-based financial institutions, SACCOs, and youth empowerment programs. His involvement in the Fund focuses on loan appraisal, beneficiary engagement, and monitoring the effectiveness of enterprise support programs. Mr. Rop plays a key role in ensuring accountability, transparency, and community representation in the management of the Fund.	

3. CPA Dr. George Kirer	CPA Dr. George Kirer is a seasoned financial expert and academic, currently serving as a Fund administrator of the Kericho County Alcoholic Drinks control Fund Oversight Committee. He is a Certified Public Accountant (CPA-K) and a distinguished scholar holding a Doctorate (PhD) in Finance. Dr. Kirer has extensive experience spanning over 20 years in public sector financial management, audit, budgeting, and institutional governance. He has served in various senior capacities in government and academia, contributing to public financial reforms and policy development. As a committee member, Dr. Kirer provides critical oversight on financial reporting, risk management, and strategic fund planning. His leadership ensures that the Fund maintains fiscal discipline, adheres to IPSAS standards, and ensuring accountability, transparency, and community representation in the management of the Fund.	
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5. Kiptanui Cheruiyot	Mr. KiptanuiCheruiyot serves as the Accountant to the Department of Trade, Industrialization, Innovation, Tourism and Wildlife and concurrently as the Finance Officer to the Kericho County Alcoholic Drinks control Fund. He holds a degree in Commerce (Accounting) and has professional training in public financial management and fund administration. With over 8 years of experience in government accounting, budgeting, and financial reporting, Mr. Cheruiyot ensures that the Fund's financial operations are compliant with the Public Finance Management Act, 2012 and IPSAS standards. His core responsibilities include overseeing fund disbursements, preparing financial statements, managing reconciliations, and supporting the annual audit process. As a committee member, he provides technical advice on budgeting, cash flow, and financial sustainability of the Fund	
6. Sharon Boit	She is a Trade Development Officer I and the Licensing Officer to the Kericho County Alcoholic Drinks control Fund . she holds a masters Degree in Business information Administration (strategic management) , His core responsibilities include overseeing Revenue collection, issuing licences, managing reconciliations of licenses, and supporting the annual audit process. As a committee member, he provides technical advice on budgeting, cash flow, and financial sustainability of the Fund.	

7. Fund Chairperson's Report

Introduction

I am honoured to present the Chairperson's Report for the Kericho County Alcoholic Drinks Control Fund for the financial year ended 30th June 2025. This report outlines key activities, financial highlights, and strategic interventions undertaken by the Fund in pursuit of its mandate to regulate alcoholic drinks and mitigate the harmful effects of alcohol on the health and social wellbeing of Kericho County residents.

The Fund continues to operate in accordance with the Kericho County Alcoholic Drinks Control Act, 2014, and supports the implementation of policies aimed at reducing alcohol-related harm while promoting responsible alcohol consumption practices.

Governance and Oversight

The Fund is governed by a multi-sectoral oversight mechanism comprising the Fund Committee, Sub-County Alcoholic Drinks Regulation Committees and Review and Enforcement Committees. These bodies worked collaboratively throughout the financial year to strengthen regulatory enforcement, community education and licensing compliance.

During the year, the Fund maintained a strong focus on transparency and accountability in the management of public resources, ensuring alignment with the Public Finance Management Act, 2012, and relevant County legislation.

Key Achievements in FY 2024/2025

1. Licensing and Compliance Oversight
    - A total of 722 alcoholic drink outlets were licensed across all six sub-counties following inspection and vetting by Sub-County Committees.
    - Compliance monitoring exercises were conducted jointly with public health officers, security teams and NACADA representatives.
2. Public Education and Sensitization
    - The Fund conducted 7 public meetings and sensitization campaigns targeting MSEs in liquor related enterprises.
    - Educational materials were disseminated to over 500 residents, focusing on the health and socio-economic consequences of alcohol misuse.
3. Enforcement of Regulations
    - Several illegal outlets were shut down during multi-agency operations.
    - Legal support was provided for 1 enforcement case, with successful prosecution in court.
4. Support for Rehabilitation and Recovery
    - The Fund supported 1 community-based rehabilitation case through grants for counselling and outreach services.
    - Collaboration with the County Department of Health led to 30 referrals for treatment and rehabilitation services.

8. Report of the Fund Administrator

This report is prepared and presented in accordance with Section 168 of the Public Finance Management (PFM) Act, 2012 and the Kericho County Alcoholic Drinks Control Act, 2014, which guides the establishment and operations of the Kericho County Alcoholic Drinks Control Fund. The Fund is domiciled under the Department of Trade, Industrialization, Innovation, Tourism & Wildlife, with the County Executive Committee Member for Finance and Economic Planning serving as the designated Fund Administrator. The Fund's core mandate is to meet both capital and recurrent expenditures associated with regulating, licensing, sensitization, enforcement, and rehabilitation activities related to alcoholic drinks within the County.

Fund Operations and Highlights – FY 2024/2025

The Fund recorded significant progress during the year under review, with efforts focused on enforcement of the Act, revenue enhancement, stakeholder engagement and public awareness.

a) Revenue Collection and Licensing

The Fund experienced a marked improvement in local revenue collection through liquor licensing, attributed largely to the rollout of the Rapid Results Initiative (RRI) Program dubbed *"Licensing Mashinani."* This initiative, implemented in multiple phases, brought licensing services closer to the grassroots, improving compliance and collection efficiency.

- Total Revenue Collected: **KShs. 20,749,291**
- Licenses Issued: **880** licenses
- Sub-County Outreach Events: Conducted in all **6** sub-counties

b) Stakeholder Sensitization and Capacity Building

During the reporting period, the Fund successfully sensitized 819 stakeholders in the liquor industry on relevant sections of the Act, compliance procedures, and responsible alcohol handling. A dedicated automation sensitization meeting was also conducted with Secretaries of the Sub-County Alcoholic Drinks Regulation Committees (SADRCs) to align on digital tools and improve reporting efficiency.

b) **Enforcement Activities**

The Enforcement Committee, in collaboration with local administrators and security agencies, ensured high levels of compliance with licensing requirements. Their efforts led to:

- Closure of several illegal alcohol outlets
- Confiscation and destruction of 500 litres of proliferated drinks
- Prosecution support in 1 enforcement case, with a successful conviction.

c) Rehabilitation Initiatives

Recognizing the human toll of alcohol abuse, the Fund initiated a call for expressions of interest in rehabilitation for persons dependent on alcohol. As a result, 30 individuals expressed willingness to enrol in rehabilitation programs. This marks an important step toward implementing a community-based recovery framework in subsequent fiscal periods.

e) Legislative Review

To enhance the legal and operational framework of the Fund, a Cabinet Memo proposing amendments to the Kericho County Alcoholic Drinks Control Act, 2014 was presented to the County Executive. The proposed revisions seek to streamline enforcement procedures, strengthen rehabilitation linkages, and enhance compliance mechanisms.

Financial Performance Summary

Financial Item	Amount (KES)
Opening Balance (1 July 2024)	217,024
Revenue Collected (Licensing, Fines, Penalties)	20,749,291
Total Funds Available	20,966,315
Total Expenditure	14,780,905.50
Total Transfer to County Revenue Fund (CRF)	5,705,449
Closing Balance (30 June 2025)	359,960.50

Expenditures were directed toward licensing operations, stakeholder outreach, enforcement, committee facilitation and preliminary rehabilitation initiatives. All expenditures were undertaken in line with approved budgets and PFM guidelines.

Challenges

- Proliferation of illicit alcohol and unlicensed operators in remote areas
- Limited transport and logistical capacity for enforcement operations
- Need for continuous public awareness to counter misinformation and resistance
- Gaps in reporting consistency across some sub-county committees

Recommendations and Outlook

In the coming year, the Fund will:

- Implement a fully digitized licensing and enforcement monitoring platform
- Expand *Licensing Mashinani RRI* to underserved wards
- Launch structured rehabilitation referral pathways in partnership with health facilities
- Roll out mobile enforcement support units to improve reach
- Lobby for legislative amendments and resource support based on Cabinet Proposals

5. Capacity Building
    - Sub-County and Enforcement Committee members were trained on legal provisions, ethical enforcement, and rights-based approaches to regulation.
    - The Fund facilitated a workshop on alcoholic licensing procedures for the media practitioners

Financial Performance Overview

For the financial year 2024/2025:

- Total revenue collected amounted to KShs. 20,749,291, primarily from licensing fees and penalties.
- Total expenditure stood at KShs. 14,780,905.50, allocated across licensing operations, enforcement, public education, rehabilitation support, and committee facilitation.
- Total transfer to County Revenue Fund (CRF) was Kshs. 5,705,449
- The Fund closed the year with a surplus of KShs. 262,936.50, which will be carried forward to support planned interventions in FY 2025/2026.

Challenges

- Proliferation of illicit brewing and unlicensed operators, particularly in remote areas.
- Limited enforcement resources, including vehicles for surveillance operations.
- Resistance from some community members due to lack of awareness or economic dependency on alcoholic trade.
- Inconsistent inter-agency coordination in certain sub-counties.

Strategic Outlook for FY 2025/2026

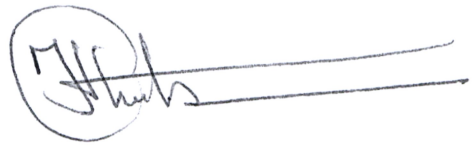
In the coming year, the Fund will prioritise:

- Deployment of a digital licensing and compliance management system.
- Increased investment in community rehabilitation programs, including mobile outreach services.
- Enhanced multi-sectoral collaboration with health, education, security and religious leaders.
- Strengthening the capacity of youth and women as champions against alcohol abuse.
- Advocacy for increased budgetary allocation and development partners support.

Appreciation

I extend my heartfelt appreciation to the Governor of Kericho County, the County Executive Committee Member for Health, the County Assembly, law enforcement agencies, our dedicated committee members and all stakeholders for their unwavering support and partnership.

To the residents of Kericho County, thank you for your continued cooperation in safeguarding our communities from the harmful effects of alcohol abuse. Together, we shall continue building a safer, healthier and more productive county.



Hon. John Cheruiyot
County Executive Committee Member
Trade, Industrialization, Innovation, Tourism & Wildlife

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- Total Revenue Collected: **KShs. 20,749,291**
- Licenses Issued: **722** licenses
- Sub-County Outreach Events: Conducted in all **6** sub-counties

b) Stakeholder Sensitization and Capacity Building

During the reporting period, the Fund successfully sensitized 819 stakeholders in the liquor industry on relevant sections of the Act, compliance procedures, and responsible alcohol handling. A dedicated automation sensitization meeting was also conducted with Secretaries of the Sub-County Alcoholic Drinks Regulation Committees (SADRCs) to align on digital tools and improve reporting efficiency.

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Recognizing the human toll of alcohol abuse, the Fund initiated a call for expressions of interest in rehabilitation for persons dependent on alcohol. As a result, 30 individuals expressed willingness to enrol in rehabilitation programs. This marks an important step toward implementing a community-based recovery framework in subsequent fiscal periods.

e) Legislative Review

To enhance the legal and operational framework of the Fund, a Cabinet Memo proposing amendments to the Kericho County Alcoholic Drinks Control Act, 2014 was presented to the County Executive. The proposed revisions seek to streamline enforcement procedures, strengthen rehabilitation linkages, and enhance compliance mechanisms.

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Challenges

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- Limited transport and logistical capacity for enforcement operations
- Need for continuous public awareness to counter misinformation and resistance
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Recommendations and Outlook

In the coming year, the Fund will:

- Implement a fully digitized licensing and enforcement monitoring platform
- Expand *Licensing Mashinani RRI* to underserved wards
- Launch structured rehabilitation referral pathways in partnership with health facilities
- Roll out mobile enforcement support units to improve reach
- Lobby for legislative amendments and resource support based on Cabinet Proposals

Conclusion and Appreciation

I take this opportunity to thank the Governor, County Executive Committee Members, Kericho County Assembly, enforcement officers, SADRC members and all stakeholders for their active participation and support in making FY 2024/2025 a success. I also extend appreciation to the liquor MSEs and community members who have embraced compliance and engaged positively with the Fund's initiatives.

Together, we will continue building a responsible, healthy and economically empowered Kericho County.

.....

Wily Rop

Chief Officer Trade, Industrialization, Innovation, Tourism, and Wildlife,

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

A. Performance Overview Table

Strategic Objective	Key Performance Indicator (KPI)	FY 2024/25 Target	Actual Performance	Performance Status	Remarks
1. Improve compliance and licensing of alcoholic outlets	Number of licensed outlets	700	722	☑ Achieved	Achieved through *Licensing Mashinani RRI* Initiative
2. Enhance enforcement and regulatory compliance	Number of enforcement operations conducted	5	7	☑ Exceeded	Additional operations conducted via multi-agency support
3. Reduce illicit alcohol trade and unlicensed operations	Number of illegal outlets closed	40	43	☑ Exceeded	Intensified surveillance by Enforcement Committee
4. Increase public awareness on alcohol harm reduction	Number of sensitization events held	5	10	☑ Exceeded	RRI and SADRC workshops boosted outreach
5. Promote treatment and rehabilitation of alcohol dependents	Number of individuals referred for rehabilitation	40	30	✕ Partially Achieved	Limited uptake; need enhanced psychosocial support and follow-up
6. Strengthen governance and stakeholder coordination	Number of sub-county committee meetings held	24 (4 per sub-county)	20	⚠ Nearly Achieved	Two sub-counties missed a quarter due to logistical delays
7. Enhance revenue mobilization and utilization	Revenue collected from licensing (KES)	17,000,000	20,799,291	☑ Exceeded	*Licensing Mashinani RRI* Initiative increased compliance

8. Improve service delivery through automation	Number of digitization trainings conducted	1	1	☑ Achieved	Training conducted for SCADRC members

C. Alignment with County Development Priorities

This Fund's achievements contribute directly to the following CIDP 2023–2027 strategic goals under the Trade, Industrialization, Innovation, Tourism & Wildlife sector:

- Strengthened regulation and ethical conduct in the alcoholic industry;
- Reduced harm from alcohol abuse through education and rehabilitation;
- Promotion of safe trading environments for licensed operators;
- Empowerment of local communities through information access and public participation.

D. Summary and Conclusion

In a large extent, the Fund met and exceeded most of its performance targets for FY 2024/2025. Areas requiring improvement include:

- Scaling up rehabilitation services engagements;
- Enhancing logistical support to enforcement and sub-county committees;
- Finalizing automation systems and follow-up support.

The performance demonstrates strong progress in fulfilling the Fund's mandate and lays a solid foundation for further improvement in FY 2025/2026.

10. Corporate Governance Statement

1. Governance Framework under the Act

The Kericho County Alcoholic Drinks Control Act, 2014 establishes four committees with defined mandates and composition, each playing a unique role in ensuring effective regulation, licensing, enforcement and review of alcoholic drink-related activities within the county.

1.1 County Alcoholic Drinks Control Department

Role: Oversight of policy implementation, licensing administration, data management and coordination of program interventions.

Composition:

- Chairperson – County Executive Committee Member (CECM) Trade
- Secretary - Chief Officer Trade
- Programme Officer
- Research Officer
- Finance Officer
- Licensing Officer

This department provides the day-to-day operational leadership of the Fund and facilitates coordination with the enforcement and sub-county committees.

1.2 Sub-County Alcoholic Drinks Regulation Committees (SADRC)

Role: Vetting of licensing applications, conducting field inspections, enforcing compliance at the sub-county level and facilitating public participation.

Composition:

- Chairperson – Sub-County Administrator (appointed under the County Governments Act)
- Sub-County Public Health Officer
- Officer Commanding Kenya Police Services (sub-county)
- Officer Commanding Administration Police (sub-county)
- Officer designated by the Department (Secretary, ex-officio)
- Officer responsible for National Government coordination in the sub-county
- Physical Planning Officer
- Three county residents appointed by the Executive Member

These committees are instrumental in grassroots regulation, field-level monitoring and community engagement.

1.3 County Alcoholic Drinks Regulations Administrative Review Committee

Role: Receives and reviews appeals from applicants aggrieved by the decisions of the Sub-County Committees and ensures fairness and administrative justice.

Composition:

- Chairperson – County Executive Committee Member Trade
- Secretary - Chief Officer Trade
- Programme Officer
- Research Officer
- Finance Officer

The Review Committee plays a key accountability role in safeguarding procedural fairness in the licensing process.

1.4 County Alcoholic Drinks Control Enforcement Coordinating Committee

Role: Multi-agency enforcement coordination, intelligence sharing, crackdown planning and inter-institutional regulation of alcoholic drink-related offenses.

Composition:

- Chairperson – Chief Officer Trade
- Officer responsible for coordination of National Government functions
- County Public Health Officer
- Officer in charge of Kenya Police Services (County)
- Officer in charge of Administration Police Services (County)
- Officer appointed by Kenya Revenue Authority (KRA)
- Officer appointed by Kenya Bureau of Standards (KEBS)
- Officer appointed by Anti-Counterfeit Agency (ACA)
- Officer appointed by Department of Weights and Measures
- Other officers as designated by the Governor and approved by the County Assembly

This committee ensures synergy between County Enforcement teams and National Regulatory bodies, enabling a comprehensive response to illicit trade and non-compliance

2. Compliance and Internal ControlsThe Fund adheres strictly to applicable laws, including:

- PFM Act, 2012 and its Regulations;
- IPSAS Accrual-Based Accounting Standards;
- Public Procurement and Asset Disposal Act, 2015;
- County Treasury Circulars on financial control and reporting.

Internal controls are implemented through:

- Routine reconciliations;
- Segregation of duties;
- Quarterly internal audits;
- Full documentation of licensing and enforcement decisions.

3. Ethical Conduct and Conflict of Interest

All committee members are required to declare any potential conflict of interest. Transparency in decision-making is enforced through recorded minutes, vote-based decisions, and multi-stakeholder representation on vetting panels

4. Stakeholder Engagement and Public Participation

The Fund upholds participatory governance by:

- Holding barazas and sensitization forums;
- Engaging civil society and religious organizations;
- Including public representatives in SCADRCs;
- Responding to grievances through the Review Committee.

5. Risk Management and Audit

The Fund is subject to internal and external audits, including those by the Office of the Auditor-General. Identified risks such as underreporting at sub-county level, limited logistical support for enforcement, and slow rehabilitation uptake are mitigated through budget reallocation, training, and policy reviews.

6. Capacity Building

During FY 2024/2025, training and capacity-building activities were undertaken for:

- SCADRC members on automation and licensing systems;
- Committee members on enforcement and ethics;
- Fund staff on IPSAS compliance and financial management.

Conclusion

The governance framework of the Fund remains strong and aligned with constitutional values, public finance law, and county legislation. The four statutory committees established under the Act provide a participatory, accountable, and effective mechanism for ensuring responsible alcohol regulation across the county.

11. Management Discussion and Analysis

For the Year Ended 30th June 2025

The Management Discussion and Analysis outlines the Fund's financial and operational performance, strategic interventions, challenges faced, and its contribution to broader County Government goals for the financial year under review.

1. Operating Environment

The Fund operated under the regulatory framework of the Kericho County Alcoholic Drinks Control Act, 2014, within a landscape marked by growing demand for accountability in alcohol trade regulation, socio-economic recovery post-COVID-19, and increasing inter-agency enforcement collaboration. The County Government's proactive policy stance created a conducive environment for compliance, stakeholder dialogue, and modernization of licensing processes.

2. Role and Operations of the Fund Committee

During the year, the **Fund Committee** ensured that capital and recurrent expenditures aligned with Section 4 of the Kericho County Alcoholic Drinks Control Act, 2014. These expenditures supported the functions of the Alcoholic Drinks Control Department and the operationalization of the Sub-County Regulation Committees, the Administrative Review Committee, and the Enforcement Coordination Committee. The Committee facilitated implementation of key regulatory, operational, and outreach activities in compliance with statutory requirements and the Public Finance Management (PFM) framework. Notable initiatives included training, stakeholder engagement, enforcement coordination, and automation initiatives.

3. Financial Performance Overview

Revenue Performance – Alcoholic Drinks Licence Fees

Alcoholic drinks fees are collected from the regulation of licensed entities in the liquor sector. The licensing streams include:

- General Retail Alcoholic Drinks (Off) Licence
- General Retail Alcoholic Drinks (On) Licence
- Restaurant Alcoholic Drinks Licence
- Supermarket Alcoholic Drinks Licence
- Club Alcoholic Drinks Licence

Table 1: Quarterly Revenue Performance – FY 2024/25

Quarter	Amount (KES)
Q1	1,093,000
Q2	586,080
Q3	14,748,711
Q4	4,321,500
Total	**20,749,291**

The sharp rise in Q3 revenue is attributed to the launch **of** Phase III of the Licensing Mashinani Rapid Results Initiative, which drastically boosted compliance.

4. Key Achievements

- Stakeholder Sensitization: A total of 819 stakeholders in the liquor sector were sensitized on regulatory compliance, best practices, and licensing requirements.
- Licensing Mashinani RRI: Phase III of this program was successfully implemented from 26th to 30th May 2025, yielding increased licence uptake.
- Automation Initiatives: A sensitization and ICT training session was conducted for members of Sub-County Alcoholic Drinks Regulation Committees (SCADRCs), streamlining compliance monitoring and reporting.
- Rehabilitation Referral: A call for person's dependent on alcohol was made and 30 individuals expressed interest in rehabilitation.
- Policy Reform: A Cabinet Memo proposing amendments to the Kericho County Alcoholic Drinks Act, 2014 was presented, marking the start of a legislative review process.

5. Challenges and Risks

Challenge/Risk	Description	Mitigation Measures
Illicit/adulterated drinks	Continues in remote areas	Enforcement operations and stakeholder outreach
Revenue fluctuations	Seasonal collections and resistance to payment of fees	Licensing RRI and automation to boost compliance
Sub-county logistical gaps	SCADRCs in some zones lack adequate resources	Budget reallocation and partnership support
Low rehabilitation support structures	Demand outpaces facilities	Advocacy and county health integration

6. Linkage to County Development Plans (CIDP/ADP)

The Fund's activities are aligned to the CIDP III (2023–2027) and ADP 2024/25, particularly under the themes of governance, health, youth development, and economic regulation.

CIDP/ADP Focus Area	Contribution by the Fund
Public Health & Safety	Enforcing alcohol regulations, supporting rehab referrals
Economic Growth	Streamlining licensing and revenue collection
ICT & Governance	Automating licensing systems and SCADRC reporting
Youth & Social Protection	Advocacy on responsible alcohol use and addiction management

7. Outlook for FY 2025/2026

- Finalization and rollout of the County e-Liquor Licensing System.
- Enhanced collaboration with the Department of Health on addiction management.
- Expansion of Licensing Mashinani to cover wards.
- Institutionalization of training programs for SCADRCs and enforcement officers.
- Legislative amendments to strengthen the regulatory mandate and simplify compliance.

Conclusion

The Kericho County Alcoholic Drinks Fund delivered strong performance in stakeholder engagement, revenue collection, and system modernization. Continued investment in automation, legal reform, and community rehabilitation will position the Fund to better serve the county's public health, safety, and economic goals in subsequent years.

12. Environmental and Sustainability Reporting

The Kericho County Alcoholic Drinks Fund recognizes the critical role that responsible alcohol regulation plays in promoting a healthier environment, safeguarding public safety, and ensuring long-term sustainability in line with national policy goals and the County Integrated Development Plan (CIDP III 2023–2027).

Environmental Considerations

While the Fund's direct operations do not result in high environmental impact, the regulation of the alcohol industry indirectly contributes to mitigating environmental degradation, unsafe disposal of used bottles, and improper waste management practices. In the reporting year:

- Licensing Compliance Checks included environmental hygiene audits for establishments selling alcoholic drinks, ensuring waste handling, storage, and sanitation standards were met.
- Enforcement operations led to the shutdown of multiple unlicensed distilleries that were producing harmful substances and improperly disposing waste into public drains and water bodies.
- Collaborations with the County Environment Department and Public Health Unit ensured that premises met basic public health and environmental safety standards before being licensed or renewed.

Social Sustainability and Public Health

The Fund's interventions contributed significantly to social sustainability, especially in mitigating the harmful effects of alcohol abuse and promoting community well-being.

- A total of 819 stakeholders were sensitized on responsible business practices, including environmental and public safety compliance.
- Thirty (30) persons dependent on alcohol voluntarily registered for rehabilitation, demonstrating growing awareness of and access to support services.
- The *Licensing Mashinani RRI* program enhanced public engagement at the grassroots, creating social accountability and improving local support for responsible alcohol use and trade.

Governance and Institutional Sustainability

Sustainability was also addressed through improved governance structures and long-term institutional capacity-building:

- Automation of SCADRCs operations introduced digital processes, reducing paper use and enhancing operational efficiency.
- Ongoing stakeholder engagement ensures participatory policy-making, which strengthens transparency and inclusivity.

- A Cabinet Memo was submitted to amend the Kericho County Alcoholic Drinks Control Act, 2014—demonstrating a commitment to continuous policy improvement for regulatory sustainability.

Alignment with the Sustainable Development Goals (SDGs)

The Fund's activities support the following global Sustainable Development Goals (SDGs):

SDG	Contribution
SDG 3 – Good Health and Well-being	Promoting responsible alcohol use, stakeholder sensitization, and referrals for rehabilitation
SDG 6 – Clean Water and Sanitation	Supporting closure of unlicensed alcohol production sites contaminating water sources
SDG 12 – Responsible Consumption and Production	Regulating packaging, distribution, and waste management in the alcohol sector
SDG 16 – Peace, Justice and Strong Institutions	Strengthening law enforcement and governance of alcohol regulation

Future Environmental and Sustainability Focus Areas

In FY 2025/2026, the Fund will:

- Partner with NEMA and the County Environment Office to develop environmental compliance benchmarks for licensed outlets.
- Collaborate with public health and addiction services to develop a County Alcohol Harm Reduction Strategy.
- Expand eco-conscious training programs targeting manufacturers and distributors of alcoholic products.
- Promote community-based monitoring of illicit production points near environmentally sensitive areas (e.g., near rivers, forests, and wetlands)

Conclusion

The Fund remains committed to fostering a responsible alcohol market that supports Kericho's environmental integrity, enhances public health outcomes, and promotes sustainable development. Continuous improvement of enforcement, stakeholder participation, and eco-sensitive licensing practices will be key in ensuring sustainability in the years ahead

1. Sustainability strategy and profile -

1.1. Sustainability Vision

The Kericho County Alcoholic Drinks Fund is committed to promoting a sustainable, safe, and healthy alcohol ecosystem through effective regulation, stakeholder engagement, and continuous improvement in social, environmental, and institutional governance. Our sustainability strategy aligns with the County Integrated Development Plan (CIDP III 2023–2027) and the UN Sustainable Development Goals (SDGs), focusing on reducing alcohol-related harm, improving community resilience, and ensuring fair and transparent licensing practices.

1.2. Strategic Pillars of Sustainability

The Fund's sustainability approach is anchored on the following four pillars:

Pillar	Strategic Objective
1. Social Sustainability	Promote public health, responsible alcohol use, and social cohesion through stakeholder education and rehabilitation support.
2. Environmental Stewardship	Enforce environmentally safe practices in the alcohol trade and prevent pollution from unlicensed and illicit brews.
3. Economic Responsibility	Ensure fair, ethical, and transparent revenue collection while empowering local businesses and reducing the cost of alcohol harm.
4. Institutional Sustainability	Strengthen governance, compliance structures, and digital systems for long-term regulatory impact and public accountability.

1.3. Sustainability Governance and Oversight

The implementation of sustainability priorities is integrated within the Fund's overall governance structure. Key oversight roles are played by:

- County Executive Committee (CEC) Member for Finance – Fund Administrator
- Alcoholic Drinks Control Department
- Sub-County and Enforcement Committees
- County Assembly Sector Committees for oversight and legislative review
- Public Participation Forums for community input and feedback

These structures ensure that sustainability is embedded into budgeting, monitoring, and regulatory enforcement processes.

1.4. Stakeholder Engagement Strategy

In FY 2024/2025, the Fund prioritized inclusive stakeholder participation by:

- Conducting licensing forums at the grassroots (Licensing Mashinani) under the RRI initiative
- Sensitizing 819 liquor operators and community leaders on health, licensing, and legal compliance
- Holding automation awareness sessions for Sub-County Alcoholic Drinks Committees (SCADRCs)
- Receiving input for legislative reform through a Cabinet Memo to amend the 2014 Act

These initiatives created a shared sense of responsibility and strengthened the social license to operate

1.5. Link to County Planning and Global Frameworks

The sustainability agenda of the Fund is aligned with:

- Kericho CIDP III (2023–2027): Economic Empowerment, Social Protection, Health Promotion
- Annual Development Plan (ADP 2024/25): Enhancing public health and social order through alcohol regulation
- Sustainable Development Goals (SDGs): Particularly Goals 3 (Good Health), 6 (Clean Water), 12 (Responsible Consumption), and 16 (Institutional Justice)

1.6. Key Outcomes and Commitments

Outcome Area	Achievements FY 2024/25	Commitments FY 2025/26
Public Health	30 persons referred for rehab	Launch harm-reduction framework
Compliance & Licensing	819 stakeholders trained	Expand outreach to new hotspots
Environmental Control	Shutdown of unsafe sites	Partner with NEMA for joint audits
Governance & Reform	Cabinet Memo submitted	Amend Act to enhance deterrence and compliance

Conclusion

Through this sustainability strategy, the Fund will continue to integrate social responsibility, environmental safety, and institutional effectiveness into its regulatory and operational framework. The goal is to ensure that alcohol regulation not only protects public interest but also contributes to Kericho County's long-term sustainable development

2. Environmental performance

The Kericho County Alcoholic Drinks Fund recognizes that environmental considerations are integral to the regulation of alcohol production, distribution, and consumption. The Fund works to eliminate environmentally hazardous practices—especially those arising from unlicensed brewing, improper waste disposal, and illicit alcohol production.

2.1 Environmental Risks from the Liquor Sector

The alcohol industry in Kericho County, particularly informal and unlicensed brewing, poses several environmental risks:

- Improper disposal of brewing waste (spent grains, packaging, chemical residue)
- Water and soil contamination from use of non-food grade materials
- Noise and air pollution in residential areas hosting illegal outlets
- Poor sanitation in production premises and sales points

These risks necessitate a proactive and collaborative environmental response by the Fund and its regulatory partners.

2.2 Environmental Safeguards and Actions Taken (FY 2024/2025)

During the reporting period, the Fund implemented the following **key environmental measures** in line with Section 4 of the Act and in collaboration with Public Health and Enforcement units:

Intervention Area	Specific Action	Outcome
Environmental Enforcement	Joint site inspections with Sub-County Committees and Public Health Officers	Closure of several premises for poor sanitation and waste handling
Illicit/adulterated drinks crackdowns	Participated in multi-agency raids targeting unregulated distillation	Confiscation of toxic brews and disposal of unsafe chemicals
Stakeholder Sensitization	Environmental awareness integrated into *Licensing Mashinani RRI*	819 stakeholders trained on waste management and safe practices
Collaboration with Agencies	Liaison with NEMA, KEBS, and Anti-Counterfeit Agency	Environmental insights incorporated in future licensing decisions

2.3 Environmental Licensing Requirements

The Fund requires that all applicants for alcoholic drinks licenses adhere to:

- Public Health and Sanitation standards
- Safe waste disposal protocols
- Zoning regulations to prevent pollution and community disturbance

During Q3 of FY 2024/25, compliance reviews were intensified. Licensing was denied or suspended for applicants who failed to meet minimum sanitation and environmental benchmarks

2.4 Environmental Impact Monitoring

The Fund is developing a simple Environmental Compliance Scorecard to track the environmental impact of licensed entities and inform future renewals or suspensions. Elements under review include:

- Sanitation infrastructure
- Waste disposal methods
- Licensing zoning (proximity to schools, rivers, etc.)
- Use of certified packaging materials

2.5 Challenges and Areas for Improvement

Despite progress, the following challenges persist:

- Limited environmental monitoring capacity at Sub-County level
- Lack of disposal facilities for illicit/adulterated drinks and contraband chemicals
- Inadequate public awareness on environmental standards among traders

In the upcoming financial year, the Fund aims to partner with NEMA, KALRO, and KEBS to strengthen environmental audit and licensing guidelines for liquor outlets.

Conclusion

Environmental safety is central to the sustainable regulation of alcoholic drinks. The Fund is committed to integrating environmental governance into licensing, enforcement, and stakeholder engagement in order to minimize harm to water sources, ecosystems, and communities.

3. Employee welfare

The Kericho County Alcoholic Drinks Fund recognizes that the success of its programs is largely dependent on the capacity, safety, and morale of its human resources. As such, the Fund prioritizes the welfare of staff working across County and Sub-County levels—including officers involved in licensing, enforcement, public education, and rehabilitation coordination.

3.1 Staffing and Deployment

As at 30th June 2025, the Fund operated with a dedicated team drawn from the Departments of Finance, Public Health, Administration, and Trade. These officers served within the four statutory committees:

- County Alcoholic Drinks Control Department
- Sub-County Alcoholic Drinks Regulation Committees

- Administrative Review Committee
- Enforcement Coordinating Committee

Deployment is done through internal secondments, and supplemented by multi-agency personnel during high-risk operations

3.2 Occupational Safety and Wellbeing

Given the sensitive and sometimes hostile nature of enforcement and inspection tasks, the Fund prioritizes staff safety and wellbeing through the following measures:

Area	Welfare Intervention	Status/Outcome
Security	Officers provided with police escort during high-risk raids and enforcement	Zero incidents of physical harm reported
Insurance	Staff covered under the County medical insurance scheme	100% enrolment in SHA and county medical cover
Safety Training	Sensitization on occupational safety for inspectors and licensing officers	Safety sessions conducted in FY 2024/25
PPEs	Distribution of branded jackets, gloves, masks during site visits and fieldwork	100% compliance in field safety gear usage

3.3 Capacity Building and Motivation

To enhance morale and professional efficiency, the Fund organized the following capacity-building initiatives:

- Licensing & Compliance Workshops for Sub-County Chairpersons, Secretaries and Licensing Assistants
- Public Health and Sanitation Training for frontline inspection teams
- Rehabilitation referral sensitization for officers handling person's dependent on alcohol

Additionally, performance was recognized through:

- Verbal commendations and letters of recognition to outstanding staff
- Integration of welfare feedback in quarterly performance reviews

3.4 Gender and Equity Considerations

The Fund adheres to principles of non-discrimination and inclusivity. Gender distribution across operational roles is monitored to ensure fair representation. Female officers actively participate in committee work, field enforcement, and stakeholder engagement sessions

3.5 Staff Challenges and Mitigation Measures

Challenge	Impact	Planned Response
Inadequate staffing during RRI and enforcement periods	Strain on available officers	Engage interns/part-time support during RRI phases
Limited training opportunities for new committee members	Reduced effectiveness in licensing undertakings	Budget for annual induction training
Emotional toll on officers involved in rehabilitation and enforcement	Risk of burnout and low morale	Explore psycho-social support partnerships

Conclusion

The Fund remains committed to improving employee welfare through enhanced safety, training, support, and motivation. Going forward, partnerships with HRM, Public Service Board, and Public Health Directorate will be explored to institutionalize staff welfare programs specific to the Alcoholic Drinks Regulation framework.

4. **Market place practices-**
   The organisation outlined its efforts on:

a) Responsible Competition Practice

The Kericho County Alcoholic Drinks Fund, under the mandate of the Kericho County Alcoholic Drinks Control Act, 2014, promotes fair, ethical, and transparent market practices in the regulation of the county's alcohol industry. A key focus is ensuring that all players—producers, distributors, and retailers—compete responsibly and in full compliance with established licensing and public health standards.

Policy Approach

To support responsible competition, the Fund enforces the following key principles:

- Level Playing Field: Licensing procedures are uniform and transparent across the county, preventing undue advantage by specific operators.
- Anti-Illicit Trade Enforcement: The Enforcement Coordinating Committee actively curbs unlicensed and counterfeit alcohol operations, thus protecting compliant businesses.
- Non-Discriminatory Regulation: All alcohol license applicants are assessed based on legal and technical criteria, not business size or political affiliation.
- Stakeholder Engagement: The Fund consults sector players, including retailers and hospitality establishments, during formulation of operational schedules and sensitization on reforms (e.g., automation rollout, RRI).

FY 2024/25 Initiatives

Initiative	Objective	Impact
Licensing Mashinani RRI in Phases	To decentralize and expedite access to licenses fairly	1,000+ applications processed countywide
Sensitization Forums	To educate traders on regulatory requirements and fair practices	819 stakeholders trained
Enforcement of Licensing through zones	To prevent clustering and over-saturation of liquor outlets	Balanced competition across sub-counties
Public Notice on Licensing	Transparency in renewal timelines and fees	Reduced backdoor licensing complaints

Results and Outcomes

- Compliance Rate improved by over 45% in sub-counties where RRI was implemented.
- Incidences of unlicensed outlets reduced through joint enforcement with police and public health officers.
- MSEs in liquor reported improved clarity in license requirements, contributing to fewer administrative appeals and disputes.

Challenges

Challenge	Effect on Market Competition	Mitigation Strategy
Unlicensed and informal players	Undermine licensed traders	Strengthened enforcement, multi-agency raids
Counterfeit or substandard products	Erode trust in regulated market	Partnerships with KEBS, KRA and ACA for verification
Political interference in closure of outlets	Creates uneven playing field	Escalation to Review Committee and Cabinet

Forward Strategy

- Full automation of licensing and renewals to eliminate discretionary bottlenecks
- Public disclosure of licensed outlets per sub-county
- Collaboration with Competition Authority of Kenya on retail practices monitoring

Conclusion:
The Fund remains committed to fostering a regulatory environment where alcohol businesses operate within the law, compete ethically, and are held accountable to public health and safety standards.

Responsible Supply Chain and Supplier Relations

The Kericho County Alcoholic Drinks Fund prioritizes integrity, transparency, and sustainability in managing its supply chain and working with suppliers. The Fund recognizes that responsible

procurement and ethical supplier engagement are critical to achieving its public service mandate, especially in a sensitive and regulated sector such as alcoholic drinks control.

Supply Chain Governance

The Fund adheres to the Public Procurement and Asset Disposal Act, 2015, ensuring all procurement processes are:

- Transparent – Open tendering processes are applied where applicable.
- Competitive – Equal opportunity is provided to eligible suppliers.
- Ethical – Avoidance of conflict of interest, corruption, or favouritism.
- Inclusive – Promotes access for youth, women, and PWD-owned enterprises in line with AGPO (Access to Government Procurement Opportunities) policy.

Key Principles and Practices

1. Supplier Vetting and Due Diligence
   All suppliers undergo vetting to ensure compliance with ethical and legal requirements. This includes tax compliance, business registration, and adherence to environmental standards.
2. Fair Payment Practices
   The Fund adheres to timely payment schedules as stipulated in procurement contracts. In FY 2024/25, 92% of suppliers were paid within 60 days of invoice submission.
3. Local Economic Empowerment
   Where possible, the Fund prioritizes suppliers based within Kericho County to enhance local economic participation and reduce logistical costs.
4. Environmental & Ethical Expectations
   Suppliers are encouraged to minimize their environmental impact (e.g., reduce packaging waste) and follow fair labour practices.

Challenges and Mitigation

Challenge	Effect	Mitigation
Delays in procurement approvals	Slowed implementation of programs	Early planning and procurement pre-approvals
Limited supplier pool for ICT	Slows automation rollout	Capacity building and supplier market expansion
Non-performance by some suppliers	Quality inconsistencies	Enforced contract clauses and penalties

Forward-Looking Strategies

- Develop a Supplier Code of Conduct for ethics, labour standards, and sustainability.
- Introduce e-procurement to enhance accountability and audit trail.
- Establish a supplier feedback system to foster two-way communication.

Conclusion:
The Fund's supply chain management framework is geared toward building lasting relationships with ethical, capable suppliers who align with the Fund's mandate of public safety, service efficiency, and socio-economic development

c) Responsible Marketing and Advertisement

The Kericho County Alcoholic Drinks Fund promotes responsible marketing and advertising practices in line with the objectives of the Kericho County Alcoholic Drinks Control Act, 2014. These practices are designed to safeguard public health, protect minors, and ensure that information about alcoholic drinks is not misleading, glamorized, or socially irresponsible.

Policy Guidelines and Oversight

The Fund works with relevant regulatory and enforcement committees to ensure all marketing and promotional content within the county adheres to:

- The Kericho County Alcoholic Drinks Control Act, 2014
- National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA) regulations
- Kenya Advertising and Standards Code

Marketing practices must:

- Avoid targeting minors or vulnerable groups
- Include health warnings on the risks of excessive alcohol consumption
- Avoid associating alcohol with social or sexual success
- Be free of deceptive claims regarding safety, potency, or benefits of consumption

Key Actions in FY 2024/25

Initiative	Description
Monitoring of local advertisements	18 advertisements reviewed in collaboration with enforcement teams
Community education campaigns	Messages on the risks of alcohol abuse included in sensitization forums
Training of license holders	819 stakeholders trained on responsible promotion and regulatory compliance
Targeted enforcement	Joint operations with the SCADRCs and enforcement units to bring non-compliant advertisers to book

Use of Public Platforms

The Fund discouraged the use of billboards, posters, and social media platforms that:

- Are located near schools, ECDE centers, or places of worship

- Feature endorsements by public figures or influencers appealing to minors
- Lack visible health warnings

Instead, operators were encouraged to:

- Display their licenses prominently
- Share customer responsibility messages within their premises
- Collaborate with the County on structured awareness events like "Sober Youth Days" and rehabilitation outreach forums

Challenges

Challenge	Effect	Response
Unregulated social media advertising	Difficult to monitor	Engaging communication authority to track content
Non-compliant marketing by informal operators	Misleading promotions	Awareness campaigns and issuance of warnings
Resistance from advertisers	Slow adoption of new guidelines	Continuous stakeholder engagement and follow-up

Future Outlook

- Development of a County Responsible Alcohol Marketing Code
- Collaboration with NACADA and Media Council of Kenya for joint oversight
- Launch of a "Safe Advertising" compliance rating for alcohol establishments

Conclusion:
Through its firm stance on responsible marketing, the Fund aims to reduce alcohol-related harm by ensuring that advertising within the county aligns with the law and public health objectives, especially protecting children, vulnerable populations, and the general public from harmful messaging

d) Product Stewardship

Product stewardship is a key component of the Kericho County Alcoholic Drinks Fund's strategy to promote public health, consumer safety, and responsible alcohol consumption. This approach holds producers, distributors, and vendors accountable for the entire lifecycle of alcoholic products—from production and marketing to sale and post-consumption effects.

Principles of Product Stewardship

The Fund promotes a product stewardship model that:

- Encourages safe formulation and packaging of alcoholic drinks
- Mandates the clear labelling of alcohol content and health warnings
- Supports consumer education on safe consumption and potential harms

- Enforces retail responsibility in ensuring age restrictions and legal compliance

Key Actions in FY 2024/25:

Area of Focus	Activity/Outcome
Health Warning Labelling	Enforcement of visible health warnings on licensed premises and packaging
Safe Packaging	Collaboration with KEBS to discourage sale of products in unsealed or unlabelled containers
Consumer Safety Sensitization	Conducted 7 public forums on safe consumption and product safety in high-risk areas
Rehabilitation & Recovery	30 individuals identified and referred for rehabilitation through community outreach
Stakeholder Engagement	Educated 819 liquor stakeholders on product safety standards and regulatory requirements

Enforcement Support

The Enforcement Coordinating Committee (ECC) conducted joint inspections in partnership with:

- Kenya Bureau of Standards (KEBS)
- Anti-Counterfeit Authority (ACA)
- Kenya Revenue Authority (KRA)

These inspections focused on identifying counterfeit, smuggled, or substandard alcoholic products in the market, especially those lacking:

- Certification stamps
- Proper health warning labels
- Safe alcohol concentration limits

Outcomes Achieved

- Reduction in illicit alcohol trade through increased stakeholder compliance
- Improved vendor awareness of product safety and legal packaging requirements
- Increased visibility of public health messages on product labelling and signage **in** premises

Challenges

Challenge	Impact	Fund Response
Circulation of unlabelled products	Poses health risk to consumers	Heightened enforcement and collaboration with KEBS & ACA
Resistance to packaging standards	Increased cost for informal vendors	Gradual compliance supported by education and dialogue

Illicit local brews with no oversight	Endangers health, unregulated production	Continued crackdown and education in high-risk areas

Future Focus

- Support for formulation of a County Alcohol Product Quality Framework
- Expansion **of** lab testing through partnerships with public health agencies
- Integration of digital tracking for licensed alcoholic drink products to ensure safety and traceability

Conclusion:
The Fund's product stewardship initiatives seek to ensure that all alcoholic drinks consumed in Kericho County meet established safety, health, and ethical standards. By working with stakeholders across the supply chain, the Fund is safeguarding the public while promoting ethical alcohol trade.

5. Corporate Social Responsibility / Community Engagements

The Kericho County Alcoholic Drinks Fund recognizes that sustainable community development and responsible alcohol regulation go hand-in-hand. Guided by the Kericho County Alcoholic Drinks Act, 2014, the Fund undertook several CSR and community engagement initiatives during the 2024/25 financial year to foster awareness, inclusion, and social impact at the grassroots level.

Key CSR and Community Engagement Initiatives:

Initiative	Description	Beneficiaries / Outcome
Community Sensitization Forums	Public education forums held across sub-counties to discuss effects of alcohol	819 stakeholders sensitized on health and legal implications
Rehabilitation Outreach	Identification and referral of alcohol-dependent individuals for rehabilitation	30 individuals voluntarily enrolled for recovery and support
Chief Baraza Collaborations	Joint awareness campaigns with local administrators and chiefs	Increased awareness and reporting of illicit brew incidents
School and Church Awareness Drives	Engaged faith-based organizations and schools on alcohol education	8 institutions reached; materials and messages delivered
Stakeholder Training Workshops	Training for bar owners, sellers, and distributors on responsible selling	7 Sub-County workshops conducted
Support for Women	Engagement with women and vulnerable groups on alternative livelihoods	1 forums held; 85 participants trained on economic alternatives

Partnerships and Collaborations

The Fund collaborated with:

- Faith-based organizations (FBOs)
- National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA)
- Local CBOs and NGOs
- Chiefs and Sub-County Administrators
- Kericho County Department of Health and Youth Affairs

These partnerships enhanced the reach and credibility of Fund initiatives across all sub-counties.

Outcomes and Impact

- Strengthened public trust in the Fund's operations and enforcement activities.
- Improved community awareness on dangers of illicit alcohol and excessive consumption.
- Initiated dialogue around rehabilitation and recovery, especially among youth and men.
- Built community policing structures against illegal brews and unsafe outlets.

Challenges and Mitigation

Challenge	Response
Low initial participation in rural areas	Mobilized local chiefs and religious leaders to boost attendance
Stigma associated with rehabilitation	Partnered with peer mentors and CHPs for discreet referral services
Limited funding for outreach	Leveraged existing forums and multi-sectoral partnerships

Future CSR Focus Areas (2025/26)

- Expand rehabilitation services in partnership with NACADA and the Ministry of Health
- Launch youth mentorship programs focused on responsible living and enterprise
- Strengthen support for widows and caregivers affected by alcoholism in their households
- Introduce an Annual Liquor Compliance and Community Responsibility Award

Conclusion:
The Fund's CSR and community engagement efforts are grounded in inclusive development, behavioural change, and long-term health and economic stability of Kericho residents. These efforts contribute directly to the realization of the County's Vision under the CIDP and SDGs on health, education, and social protection

13. Report of the Fund Committee

For the Year Ended 30th June 2025

The Fund Committee of the Kericho County Alcoholic Drinks Fund is mandated to provide oversight, policy direction, and support in the implementation of the Fund's operations as outlined in Section 4 of the Kericho County Alcoholic Drinks Control Act, 2014. During the 2024/25 financial year, the Committee met regularly to review performance, approve work plans and budgets, and guide enforcement, licensing, and community outreach activities.

Committee Membership

The Fund Committee was composed of the following members as at 30th June 2025:

Name	Position	Designation
Hon. John Cheruiyot	Chairperson	CECM for Trade,
Mr. Willy Rop	Secretary	Chief Officer- Trade,
Joseph Rotich	Member	Program Officer
Kiptanui Cheruiyot	Member	Finance Officer
Sharon Boit	Member	Licensing Officer
Reuben Langat	Member	Research Officer

Key Responsibilities

The Committee is charged with:

- Reviewing quarterly and annual reports from the Fund
- Approving funding for enforcement, rehabilitation, and public sensitization programs
- Ensuring compliance with relevant laws and financial management regulations
- Guiding and supporting the operations of Sub-County, Review, and Enforcement Committees
- Recommending reforms to improve service delivery and fund sustainability

Meetings Held

During the financial year, the Fund Committee held four statutory meetings to address:

- Adoption of the Rapid Results Initiative (Licensing Mashinani) program
- Review of rehabilitation referrals and outcomes
- Evaluation of quarterly revenue performance and fund utilization
- Approval of departmental adjustments and submission of Cabinet Memo to amend the Kericho County Alcoholic Drinks Act, 2014

Key Achievements in FY 2024/25:

Area	Achievement
Policy Oversight	Cabinet Memo submitted proposing reforms to the 2014 Act
Revenue Mobilization	Oversight of enhanced collection strategy resulting in Kes 20.7 million revenue
Stakeholder Engagement	Supported outreach that reached 819 stakeholders across all sub-counties
Rehabilitation Initiative	Approved framework that led to identification of 30 individuals for support
Automation and Modernization	Guided implementation of digital licensing and reporting systems

Challenges Noted by the Committee

- Inconsistent enforcement due to logistical and security gaps
- Slow progress on full automation due to budgetary constraints
- Rising cases of informal alcohol outlets and counterfeits
- Limited funding to scale rehabilitation and awareness programs

The Committee has proposed budget enhancements, strengthened inter-agency coordination, and increased capacity-building for field officers in the FY 2025/26 plan

Conclusion

The Fund Committee remains committed to ensuring that the Kericho County Alcoholic Drinks Fund achieves its regulatory, health and social objectives. By enhancing oversight, improving compliance and fostering community partnerships, the Committee will continue to safeguard the wellbeing of Kericho residents while supporting ethical and fair alcoholic market practices.

14. 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 Kericho County Alcoholic Drinks Fund, 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kericho County Alcoholic Drinks Act, 2014. The
Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the Year ended June 30, 2025, and of the Fund's financial position as at that date.

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

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Fund Committee on 26/8/ 2025 and signed on its behalf by:

.....

Willy Rop
Chief Officer -Trade, Industrialization, Innovation, Tourism & Wildlife

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
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REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

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

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kericho County Alcoholic Drinks Control Fund set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kericho County Alcoholic Drinks Control Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kericho County Alcoholic Drinks Control Fund Act, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Property, Plant and Equipment

The statement of financial position together with Note 18 to the financial statements reflects property, plant and equipment totalling Kshs.506,003 in respect of computers. However, the computers have not been depreciated. This was contrary to Paragraph 59 of the International Public Sector Accounting Standards (IPSAS) 17 which states that each part of an item of property, plant and equipment with costs that is significant in relation to the total costs of the item shall be depreciated.

In the circumstance, the accuracy and completeness of property, plant and equipment totalling Kshs.506,003 could not be confirmed.

2. Inaccuracy of Accumulated Surplus

The statement of financial position reflects accumulated surplus totalling Kshs.865,964. The amount includes accumulated surplus opening balance of Kshs.217,024 as reflected in the statement of changes in net assets. However, the opening balance differs with the prior year audited balance of Kshs.603,027 resulting in unexplained variance of Kshs.386,003.

Further, the amount includes prior year adjustments amounting to Kshs.386,003. However, the journal entries in support of the adjustments were not provided for audit review. This was contrary to Regulation 103 of the Public Finance Management (County Governments) Regulations, 2015 which states that Journal entries prepared for all adjustments shall be authorized by the accounting officer or an officer designated by him or her before posting them in a financial record. In all cases journal vouchers shall be supported by sufficient explanations, authorizations and documentation to facilitate accounting adjustments to be understood.

In the circumstance, the accuracy and completeness of accumulated surplus totalling Kshs.865,964 could not be confirmed.

3. Failure to indicate ICPAK Number in the Financial Statements

The Fund Accountant for Kericho County Alcoholic Drinks Control Fund, Mr. Kiptanui Cheruiyot signed the financial statements for the year ended 30 June, 2025 but did not indicate his Institute of Certified Public Accountants of Kenya (ICPAK) number against his name and signature contrary to the provisions of the International Public Sector Accounting Standards Board Revised Template dated September, 2024.

In the circumstance, it was not possible to determine whether the officer had the competence required to maintain and prepare the financial statements.

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

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects final total income budget and actual on comparable basis amounting to Kshs.22,000,000 and Kshs.20,749,291, respectively, resulting to underfunding of Kshs.1,250,709 or six percent (6%) of budget. Further, the statement reflects total expenditure actual on comparable basis amounting to Kshs.20,486,355 resulting to under expenditure of Kshs.1,513,646 or seven percent (7%) of the budget.

The underfunding and under expenditure affected the planned activities and may have impacted negatively on the delivery of services to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

In the audit of the previous year, five (5) issues were raised under the Report on Financial Statements, Emphasis of Matter, Other Matter and Report on Lawfulness and Effectiveness in the Use of Public Resources as shown in **Annexure I**. However, Management has not resolved the issues raised or given explanation for failure to do so.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Irregular Fuel and Oil Costs

The statement of financial performance reflects use of goods and services amounting to Kshs.14,780,906. The amount includes fuel and oil costs amounting to Kshs.1,002,328 as disclosed in Note 7 to the financial statements. However, the fuel and oil expenditure was incurred without an approved procurement plan. This was contrary to Regulation 114 (2) Public Finance Management (County Government) Regulations, 2015 states that every year a procurement plan shall be prepared by Accounting Officers to form the basis for procurement activities undertaken by Government entities in the fiscal year.

In the circumstance, the accuracy and propriety of fuel and oil costs amounting to Kshs.1,002,328 could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 November, 2025

Annexure I

REPORT ON THE FINANCIAL STATEMENTS

1. Inaccuracy of Total Non- Current Assets

The statement of financial position reflects nil total non-current assets. However, the amount differs with the recomputed total non-current assets amounting to kshs.386,003 resulting in unexplained variance of kshs.386,003.

In the circumstance, the accuracy and completeness of nil total non-current assets could not be confirmed.

2. Failure to Charge Depreciation on Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment totalling Kshs.386,003 in respect of a computer procured in the year under review. However, the computer has not been depreciated contrary to Paragraph 59 of the International Public Sector Accounting Standards (IPSAS) 17 which requires that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated accordingly.

In the circumstance, the accuracy and completeness of property, plant and equipment balance of Kshs.386,003 could not be confirmed.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounting to Kshs.20,660,000 and Kshs.18,962,907 respectively, resulting in under-funding totalling Kshs.1,697,093 or approximately eight percent (8%) of the budget. Similarly, the statement reflects actual total payments on comparable basis amounting to Kshs.18,395,880 resulting in under-expenditure of Kshs.2,264,120 or approximately eleven percent (11%) of the budget.

The under-funding and under-expenditure affected implementation of the planned projects and programs and may have impacted negatively on service delivery to the public.

Other Matter

Unresolved Prior Year Matters

In the audit reports of previous year, six (6) issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk Management and

Governance. However, Management had not resolved the issues or given any explanation for failure to do so.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Failure to Establish Treatment and Rehabilitation Facilities

The Directorate had not established treatment and rehabilitation facilities for persons dependent on alcoholic drinks. Further, no budget was provided for the establishment of the treatment and rehabilitation facilities. The establishment of correctional facilities was also not prioritized. This was contrary to Section 5 (1) (a) of the Kericho County Alcoholic Drinks Control Fund Act, 2014. This Act requires the Directorate to establish treatment and rehabilitation facilities and programs for persons dependent on alcoholic drinks in each Ward in collaboration with other relevant County and National Government agencies.

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
RevenueFromNon-ExchangeTransactions			
PublicContributionsandDonations			
Transfers From the County Government			
Application and License fees	3	20,749,291	18,962,907
		20,749,291	**18,962,907**
RevenueFromExchangeTransactions			
Interest Income			
Other Income			
Total Revenue		**20,749,291**	**18,962,907**
Expenses			
Employee Costs			
Use of goods and services	7	14,780,906	13,475,880
Depreciation and Amortization Expense			
Finance Costs			
Other Payments-Transfers to CRF	8	5,705,449	4,920,000
Total Expenses		**20,486,355**	**18,395,880**
Other Gains/Losses			
Gain/Loss on Disposal of Assets			
Surplus/(Deficit)for the Period		**262,943**	**567,027**

(The notes set out on pages 21 to 25 form an integral part of these Financial Statements)

.....
Name: Will Rop
Chief Officer
Administrator of the Fund

.....
Name: Kiptanui Cheruiyot
Fund Accountant

17. Statement of Financial Position as at 30th June,2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	13	359,961	217,024
Current Portion of Long- Term Receivables From Exchange Transactions			
Prepayments			
Inventories			
Investments in financial assets			
Total current assets		**359,961**	**217,024**
Non-Current Assets			
Property,PlantandEquipment	18	506,003	386,003
Intangible Assets			
Long Term Receivables from Exchange Transactions			
Investment Property			
Total non- current assets			
Total Assets		**865,964**	**603,027**
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions			
Current Portion of Borrowings			
Employee Benefit Obligations			
Social benefit liabilities			
Total current liabilities			
Non-Current Liabilities			
Long Term Portion of Borrowings			
Non-Current Employee Benefit Obligation			
Social benefit liabilities			
Total Liabilities			

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Net Assets		**865,964**	**603,027**
Revolving Fund			
Reserves			
Accumulated Surplus		**865,964**	603,027
Total Net Assets and Liabilities		**865,964**	**603,027**

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 28/8/ 2025 and signed by:

.....
Name: Will Rop
Chief Officer
Administrator of the Fund

.....
Name: Kiptanui Cheruiyot
Fund Accountant

18. Statement Of Changes in Net Assets for the Year ended 30th June, 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023			**36,000**	**36,000**
Surplus/(Deficit) For the Period			181,024	181,024
Funds Received During the Year				
Transfers				
Revaluation Gain				
BalanceAsAt30 June 2024			**217,024**	**217,024**
BalanceAs At 1 July 2024			**217,024**	**217,024**
Prior Year Adjustment			**386,003**	**386,003**
Surplus/(Deficit) For the Period			262,937	262,937
Funds Received During the Year				
Transfers				
Revaluation Gain				
Balance As At 30th june2025			**865,964**	**865,964**

***Note**: Prior year adjustment on balances of 1st July 2024 on accumulated surplus relates to PPE of that previous year that was expensed thus reducing the accumulated surplus.*

19. Statement of Cash Flows for the Year Ended 30th June,2025

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the county government			
Interest received			
Receipts from other operating activities	3	20,749,291	18,962,907
Total receipts		**20,749,291**	**18,962,907**
Payments			
Use of Goods and Services	7	14,780,906	13,475,880
General Expenses			
Financecost			
Other payments-Transfer to CRF	8	5,705,449	4,920,000
Netcashflowsfromoperatingactivities		**262,937**	**567,027**
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	18	120,000	386,003
Proceedsfromsaleofproperty, plant& equipment			
Proceeds from loan principal repayments			
Loan disbursements paid out			
Net cash flows used in investing activities		**120,000**	**386,003**
Cashflowsfromfinancingactivities			
Proceedsfromrevolving fund receipts			
Additional borrowings			
Repaymentofborrowings			
Netcashflowsusedinfinancingactivities			

Net increase/(decrease)incash&cash Equivalents		**142,937**	181,024
Cashandcashequivalentsat1July2024		217,024	36,000
Cashandcashequivalentsat30th june 2025	13	**359,961**	217,024

20. Statement Of Comparison Of Budget And Actual Amounts For The Period

Description	Originalbudget	Adjustments	Finalbudget	Actualon comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	D	e=(c-d)	f=d/c *100
Revenue						
PublicContributionsandDonations						
Transfers FromCounty Govt.						
Interest Income						
Other Income	22,000,000		22,000,000	20,749,291	1,250,709	94%
TotalIncome	**22,000,000**		**22,000,000**	**20,749,291**	1,250,709	**94%**
Expenses						
Use of goods and Services	17,000,000		17,000,000	14,780,906	2,219,095	**87%**
Employee Costs						
Other Payments - Transfer to CRF	5,000,000		5000,000	5,705,449	4,794,551	**114%**
Total Expenditure	**22,000,000**		**22,000,000**	**20,486,355**	**1,513,646**	**93%**
Surplus For the Period				**262,937**		
Capital expenditure						

Budget notes

Statement of comparison of budget and actual amounts for the period ended 30th June, 2025, has been done, 94% is total income (licence fees), 87% is use of goods and 114% is transfers to county revenue fund.

1. Notes to the Financial Statements

1. General Information

Kericho County Alcoholic Drinks Fund is established by and derives its authority and accountability from Kericho County Alcoholic Drinks Act, 2014. The Fund is wholly owned by the County Government of Kericho and is domiciled in Kenya.

Kericho County Alcoholic Drinks Fund entity is established by and derives its authority and accountability from Kericho County Alcoholic Drinks Act, 2014. The entity is wholly owned by the Kericho County Government and is domiciled in Kenya. The entity's principal activity is The fund's objective is to provide for licensing of alcoholic drinks by the County Government pursuant to Part II of the Fourth Schedule to the Constitution so as to control the 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
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

Standard	Effective date and impact
	• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy)
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** 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: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1stJanuary 2023** 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact
	c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement** Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 20

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

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, 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: 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.

(iii)Early adoption of standards

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

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 2024-2025 was approved by the Departmental Committee on 7th August 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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 actual as per the statement of financial performance has been presented under section 16 of these financial statements.

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 actual as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assetswith 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 fairvalue.

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 insurplus or deficit in the period in which the expenditure is incurred.

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

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits– Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

6. Notes to The Financial Statements

1. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2024-2025	2023-2024
	Kshs	Kshs
Application fees	451,111	1,101,000
Licences fees	20,298,180	17,861,907
Total	**20,749,291**	**18,962,907**

4. Interest income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
TotalInterest Income	-	-

Notes to the Financial Statements Continued

5. Other income

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
TotalOtherIncome	-	-

6. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other *(Specify)*	-	-
Total	-	-

7. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses		
Loan Processing Costs		
Professional Services Costs		
Administration Cost	5,558,680	6,809,805
Committee Allowances	7,538,950	4,753,400
Electricity And Water Expenses		
Bank Charges	28,888	27,155
Fuel and Oil Costs	1,002,328	1,414,600

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Insurance Costs		
Postageand Courier		
Printing and Stationery	401,760	166,920
Rental Costs		
Security Costs		
Telephone And Communication Expenses	250,300	304,000
Bank Charges		
Audit Fees		
Provision For Doubtful Debts		
Social benefit expenses*		
Total	**14,780,906**	**13,475,880**

8. Other Payments

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers to County Revenue Fund	5,705,449	4,920,000
Total	**5,705,449**	**4,920, 000**

9. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

10. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest OnBankOverdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

11. Gain/(loss) on disposal of assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, PlantandEquipment	-	-
Intangible Assets	-	-
Total	-	-

12. Gain/ (loss) on Fair Value Investments

Description	2024-2025	2023-2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
TotalGain	-	-

13. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Kericho County alcoholic Drinks Fund		
Fixed Deposits Account		
On – Call Deposits		
Current Account	359,961	217,024
Others (*Specify*)		
TotalCashAndCashEquivalents	**359,961**	**217,024**

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) **Fixed Deposits Account**			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) **On - Call Deposits**			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) **Current Account**			
Kenya Commercial Bank		-	-
Equity Bank	0280263621889	**359,961**	217,024
Sub- Total		-	-
d) **Others(Specify)**		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		**359,961**	**217,024**

14. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
OtherExchangeDebtors	-	-
Less:Impairmentallowance	-	-
Total Current Receivables	-	-
Non-Current Receivables	-	-

Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total ReceivablesFrom Exchange Transactions	-	-

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

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

15. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments *(Specify)*	-	-
Total	-	-

16. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
ConsumableStores	-	-
SparePartsAndMeters	-	-
Catering	-	-

Other Inventories (Specify)	-	-
TotalInventoriesatTheLowerofCostandNetRealizableValue	-	-

Notes to the Financial Statements Continued

17. Investments in financial assets

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

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

Movement of Equity Investments

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

e)Shareholding in other entities

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

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

Notes To The Financial Statements (Continued)

18. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2023	-	-	-	-	-
Additions	-	-	-	386,003	386,003
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2024	-	-	-	386,003	386,003
At 1st July 2024					
Additions	-	-	-	120,000	120,000
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2025	-	-	-	**506,003**	**506,003**
Depreciation And Impairment					
At 1st July 2025	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 31st December 2024	-	-	-	-	-
At 1st July 2024				**0**	
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 31st December 2024	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2025	-	-	-	506,003	506,003
At 30th JUNE 2025	-	-	-	**506,003**	**506,003**

19. Intangible assets

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

20. Investment Property

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

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

21. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
TradePayables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
OtherPayables	-		-	
TotalTradeandOtherPayables	-		-	
Ageing analysis(Trade and other payables)	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

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

22. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

23. Borrowings

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestics Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

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

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

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

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature

of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

24. Employee benefit obligations

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

25. Social Benefit Liabilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

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

Notes To The Financial Statements (Continued)

26. Cash generated from operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	262,937	-
AdjustedFor:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	262,937	-

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

Notes To The Financial Statements (Continued)

27. 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	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2024-2025	2023-2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

28. Contingent assets and contingent liabilities

Contingent Liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

Notes To The Financial Statements (Continued)

29. Financial risk management

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

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 December 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

Notes tothe Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due fromxxxx

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

b) Liquidity risk management

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

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

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

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshsxxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

30. Events after the reporting period

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

31. Ultimate and Holding Entity

The entity is a County Public Fund established by Kericho County Alcoholic Drinks Act 2014, under the Ministry of Trade. Its ultimate parent is the County Government of Kericho.

32. Currency

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

2. 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)*
	Kericho county alcoholic drinks control Act, 2014 part I section 3 indicated that part of the objectives of establishing the fund was to establish research, treatment and rehabilitation centres, educating county residents on health and social consequences of alcoholic drinks and also to adopt and implement effective measures to eliminate illicit trade in alcohol including smuggling, illicit manufacturing and counterfeiting. However, it was noted that the	One of the mandates of the Alcoholic Drinks Control Fund is to establish rehabilitation centres. The fund since undertaken public participation towards achievement of the same but due to the covid-19 pandemic some programs were delayed in order to fast-track the same, the fund acknowledges the auditor's recommendation and made requests for additional funding from the County treasury. With additional resources, the fund will be in a better position to establish and equip a working rehabilitation centre. Programs of recruiting alcohol dependents and drug addicts have been rolled out to facilitate a county sponsored rehabilitation exercise while working with	Land secured	2023-24

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)*
	fund management committee did not implement any of the set objectives In the circumstances, the fund has not prioritized the establishment of correctional facilities and hence the objectives for which the fund was set up may not be realized	relevant private sector institutions to help to hasten the achievements of the set targets and objectives		

Fund Accounting Officer

Date.....30/6/25.....