

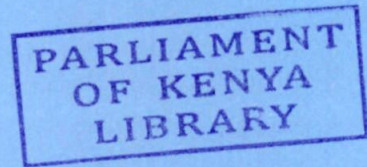
REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**NAIROBI CITY COUNTY ALCOHOLIC DRINKS  
CONTROL AND LICENSING BOARD**

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

PAPERS LAID	
DATE	19/2/2025
TABLED BY	Majority leader
COMMITTEE	
CLERK AT THE TABLE	Angela

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

24 DEC 2024

RECEIVED



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**NAIROBI CITY COUNTY ALCOHOLIC DRINKS CONTROL AND LICENSING  
BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

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**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
CECM	County Executive Committee Member
CCO	County Chief Officer
ADCLB	Alcoholic Drinks Control and Licensing Board
PFM	Public Finance Management
NCC	Nairobi City County
BHO	Business & Hustlers Opportunities

**2. Key Entity Information and Management**

**a) Background information**

Nairobi County Alcoholic Drinks and Licensing Board was established by and derives its authority and accountability from Nairobi county Alcoholic Drinks Control Act, 2014. The Board is wholly owned by the County Government of Nairobi.

The fund's objective is to;

1. To control and regulate the manufacture, sales, advertisement and consumption of alcoholic drinks
2. To establish rehabilitation facilities and programs for persons' dependent on alcohol on the effect of alcoholism

The Fund's principal activity;

- 1) Licensing of liquor outlets
- 2) Carrying out sensitization programs on the negative effects of alcohol
- 3) Establishment of treatment and rehabilitation centres

**b) Principal Activities**

The vision of ADCLB is to provide a well orderly regulated liquor industry while the mission is to provide leadership, supervise, coordinate and control to ensure compliance of all liquor outlets. The ADCLB mandate is to control, licensing regulation and general administration of the board in the county.

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

Ref	Name	Position
1	Chairperson	Michael Rabar
2	Other trustees/Committee Members	Judith Nyangi, Francis Waweru, Gabriel Chapia
3	Fund Manager	Maureen Njeri
4	Fund Chief Officer	Zipporah Mwangi
5	Fund Director Licensing	Rhoda Otieno
6	Fund Accountant	Clare Kenya / Rodgers Modi
7	Fund Public Health Officer	Mwaka Mwola

**d) Key Management Steam**

Ref	Name	Position
1	Fund Manager	Maureen Njeri
2	Fund Chief Officer	Zipporah Mwangi
3	Fund Director Licensing	Rhoda Otieno
4	Fund Accountant	Clare Kenya / Rodgers Modi

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

<b>SN</b>	<b>Position</b>	<b>Name</b>
1	Directorate Internal Audit	Francis Njoroge
2	Staff car Mortgage and car Loan Advisory Committee	N/A

**f) Registered Offices**

P.O. Box 30037  
Weight and Measure Complex  
POPO Road  
Nairobi, KENYA

**g) Fund Contacts**

Telephone: (254) 0202182114  
E-mail: [info@nairobi.go.ke](mailto:info@nairobi.go.ke)  
Website: [www.nairobicitycounty.go.ke](http://www.nairobicitycounty.go.ke)

**h) Fund Bankers**

1. Co-operative Bank of Kenya  
Account Number 01141230914900  
City Hall Branch  
City Hall Way  
P.O. Box 44805  
City Square 00200  
Nairobi, Kenya

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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






**j) Principal Legal Adviser**

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

**k) County Attorney**

County Attorney  
City Hall 1<sup>st</sup> floor Room 120

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

Name	Details of qualifications and experience
<p>Michael Rabar</p> 	<p><b>BOARD CHAIR</b>                      Chairperson to the Board                      Date of Birth: 1970                      Qualifications: B.Sc., diploma in audio engineering, advance management programme                      Independent member                      Work experience with 16years</p>
<p>Judith A. Omondi</p> 	<p><b>VICE CHAIR (BOARD)</b>                      Date of Birth:1975                      Qualifications: Diploma in Community Development                      Independent member, work experience over 15 years</p>
<p>Gabriel Chapia</p> 	<p><b>MEMBER</b>                      Board Member                      Date of Birth:1983                      Qualifications: MA in communication Studies, diploma in information management                      Independent member                      Work experience over 16 years</p>
<p>Francis Waweru</p> 	<p><b>MEMBER</b>                      Board Member                      Date of Birth: 1970                      Qualifications: B.A Land economics, diploma in valuation and estate management                      Independent member                      Work experience over 15 years</p>
<p>Rhoda Otieno</p> 	<p><b>DIRECTOR LIQUOR LICENSING</b>                      To implement the board decisions and other liquor operations.                      Date of Birth: 1983                      Qualifications: Master's Degree                      Executive member                      Work experience with 12 years in Administration</p>

**4. Management Team**

Name	Details of qualifications and experience
	<p>Fund Manager- Maureen Njeri                      County Executive Committee                      Date of birth: 1980                      Qualifications: Master of Science (MSc.) – Environmental Management                      Management experience stemming 18 years</p>
	<p>Chief Officer- Zipporah Njeri                      Accounting Officer of the fund                      Date of birth: 1981                      Qualifications: Masters Public Health (Epidemiology)                      Executive member                      Work experience with 14 years in management</p>
	<p>Director Liquor- Rhoda Otieno                      To implement the board decisions and other liquor operations.                      Date of Birth: 1983                      Qualifications: Master’s Degree                      Executive member                      Work experience with 12 years in Administration</p>
	<p>Assistant Director Accounting Services- Clare Kenya                      In charge of Financial Reporting                      Date of Birth: 1974                      Qualifications: B. Com (Accounting), CPA(K)CPS(K)                      Work Experience with 15 years in Finance</p>
	<p>Assistant chief public health officer- Mwaka Mwola                      In charge of liquor programme                      Date of Birth: 1967                      Qualifications: Higher National Diploma in Epidemiology                      Work experience with 18 years in Public health.</p>

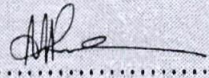
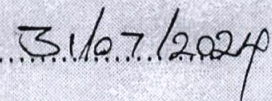
### 5. Board Chairperson's Report

The Alcoholic Drink Control was established under the Alcoholic Drinks Control of 2014. The purpose of the board is to facilitate and enhance Management, controls, enforcement and compliance of Alcoholic Drinks Control Licensing process, further the board also facilitates the aspect of prevention and rehabilitation of the affected by the vice and strengthening of community reintegration to reduce relapse.

In the year under review, there were no changes in the composition of the board, and the performance of the board remained consistent with previous periods. The board successfully undertook several key initiatives and activities, contributing significantly to its mandate.

The board successfully executed 17 programs across various sub-counties to address diverse needs and challenges in Nairobi County. A comprehensive mapping survey was conducted to determine the number of liquor outlets, which is crucial for regulatory planning and compliance with local regulations. The board also created a zoning policy for nightclubs to manage locations and operational areas more effectively. The policy was formalized and made operational after the gazettelement of designated zones. Additionally, the board conducted four capacity-building programs to enhance participants' skills and knowledge, enabling them to contribute to the board's objectives and the broader community. These efforts demonstrate the board's commitment to development and effective local issues. Overall, the board's performance in the year under review demonstrates a continued commitment to its responsibilities and objectives, with significant achievements in program implementation, regulatory development, and capacity building.

The board plans to carry out sensitization programs to raise awareness about the effects of alcoholism, aiming to significantly reduce its prevalence in the county. In addition, the board is committed to conducting comprehensive research and surveys on alcoholism to pinpoint critical areas needing intervention and to enhance service delivery. Recognizing the need for more direct support, the board also intends to establish an additional rehabilitation centre to provide essential services and aid for those struggling with alcohol dependency.

Name: Michael Rabar Signature..........Date..........  
Chairperson of the Board

## **6. Report of The Fund Administrator**

The Nairobi City County Alcoholic Drinks Control and licensing Board was established under the ADCLB Act of 2014. The purpose of the board is to facilitate and enhance management, control, enforcement and compliance of Alcoholic Drinks Control Licensing process, further, the board also facilitates the aspect of prevention and rehabilitation of those affected by the vice and strengthening of community reintegration to reduce relapse.

The board has a potential for growth both in revenue base and programmes. The revenue target for the year in review was Kshs 300,000,000. The revenue collected for the financial year under the review was Kshs 270,747,747. This is as a result of an executive order by H.E barring the licensing of night clubs within the residential area to align to the Governors manifesto of a City of Dignity and Order subject.

The board established a rehabilitation centre that provides:

- Affordable and accessible treatment for victims, who on exit will be assisted to settle back in the community by offering them job opportunities and providing after care and also follow-up counselling. This will be undertaken by the county government.
- Through this project we are looking at ensuring that we effectively re-integrate recovered addicts back in the society and give after care that will ensure that they do not relapse and can continue working and contributing to the economy.

The board also supported the youth programmes like soccer tournaments awareness and sensitization.

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

From the County Integrated Development Plan (CIDP), Nairobi City County Alcoholic Drinks Control and Licensing board managed to implement and achieve the following:

- Conduct ADA sensitization programmes every year in the 17 sub counties.
- Regulate and control liquor issuance of liquor licenses.
- Construct a sub county containerised offices in order to take liquor services closer to the public.
- Purchase additional one vehicle for operations.
- Establish rehabilitation centre.

**Progress on attainment of Strategic development objectives**

Program	Objective	Outcome	Indicator	Performance
Sensitisation programmes on effects of alcoholism	To reduce alcoholism in the County	Sensitization	17	17 No. programs conducted across the sub counties.
Research and survey on alcoholism	To identify areas of intervention and improve service delivery	Conduct research survey	1	Mapping survey done to establish the number of liquor outlets in Nairobi County.
Capacity building for staff.	To enhance capacity of staff.	Capacity Building for staff.	4	4 No. capacity building programs conducted.

## **8. Corporate Governance Statement**

Since Corporate Governance also provides the framework for attaining board's objective, it encompasses practically every sphere of management from action plans and internal controls to performance measurement and corporate disclosure.

The board governance is important since it shows the board direction and business integrity. Good governance helps the board build trust with stakeholders and community. As a result, governance helps promote financial viability by creating a long term investment opportunity for market participants.

It is based on the above that Nairobi City County Alcoholic Drinks Control and Licensing Board Act 2014 establishes the sub-county committees to implement activities to enhance and facilitate accountability, transparency, fairness and responsibility.

(1) The Alcoholic Drinks Control Board functions are:

- In collaboration with other relevant county and national government agencies establish treatment and rehabilitation facilities and programmes for person's dependent on Alcoholic drinks in each sub-county.
- Ensure that the treatment and rehabilitation services are designed in a manner that is accessible and affordable to person's dependent on alcoholic drinks.
- Support and facilitate sub-county committees in carrying out their functions.
- Carry out public education on alcoholic drinks control in the county directly and in collaboration with the public or private bodies and institutions.
- Facilitate citizen participation in matters related to alcoholic drinks control in accordance to framework for citizen's participation established under the County Government's Act, the urban areas and cities or any other relevant written law.
- Facilitate and promote in collaboration with other county and national government institutions the establishment of treatment and rehabilitation facilities and programmes.
- Develop in collaboration with other county and national government departments strategies and plans for implementing this act and control alcohol abuse and any other relevant national legislation and coordinate and support their implementation, while the sub-counties committee's functions are:
  - a) Recommend to the county board the issuance of licenses in accordance with Act.
  - b) Perform such other functions as may, from time to time be assigned to it by the county board.

(2) The sub-county committee may, in discharge of its function under this Act, make inspection or other visits to the premises at such time as it may deem appropriate

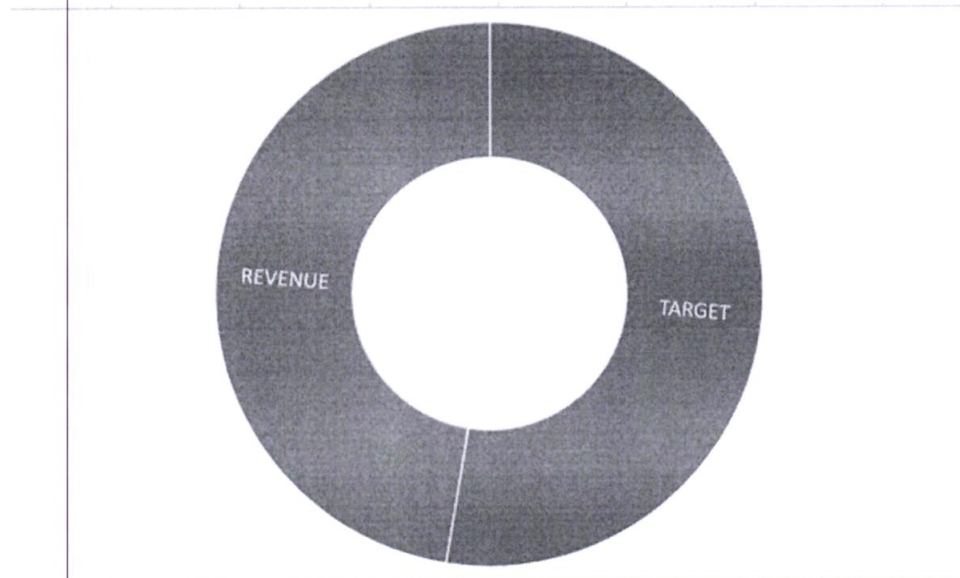
(3) In carrying out its function, the sub-county committee shall:

- a) Ensure that there is effective public participation in accordance with the framework for citizen's participation established under the county government's Act, the urban areas and cities Act or any other relevant written law.
- b) Collaborate with similar committee in other counties for effective implementation of the Act.

**9. Management Discussion and Analysis**

The Nairobi City County Alcoholic Drinks Control and Licensing Board is established section 6 of the Nairobi Alcoholic Drinks Control Act 2014. The fund is administered through a secretarial lead by a fund manager and other members drawn from relevant departments. The utilization of the fund is also guided by the ADCLB Act, 2014.

During the financial year under review 2023-2024 a total of Kshs. 270,747,747 was collected against a projection of Kshs. 300,000,000 which translated to 90.25%



During the year in review, the board has managed to conduct 17 programmes across the sub-counties and also conducted 4 capacity building programs for the staffs. The board also conducted a mapping survey to establish the number of liquor outlets in Nairobi County. The board has compiled with required reporting of Financial Statements on accruals basis of accounting under IPSAS.

## **10. Environmental and Sustainability Reporting**

Nairobi City County Alcoholic Drinks Control and Licensing Board exist to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is found on the pillars: putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievement in each pillar;

1. Sustainability Strategy and Profile  
Ensure we create public awareness education on dangers of excessive consumption of alcohol and sustain constant rehabilitation for those affected.
2. Environmental performance  
At the moment we don't have an environmental policy but is something that the management is working on.
3. Employee welfare  
Handled by Human Resource Management being one of its core function.
4. Market place practices
  - a) Responsible competition practice.  
The section has a well-established procurement office which deals with the procurement of goods and services. Suppliers are properly vetted and given an equal chance to competitive bidding.
  - b) Nairobi City County Alcoholic Drinks Control and Licensing Board is a corruption free environment.
  - c) In safe guarding the rights of the citizens we at liquor Board listen to them and make their opinion matter.
5. Community engagement  
Engage the youth through sports and sensitization programmes.

*Nairobi City County Alcoholic Drinks Control and Licensing Board*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**11. Report of The Trustees**

The Trustees submitted their report together with the audited financial statement for the year ended June 30, 2024 which shows the state of the board affairs

**Principal activities**

The principal activities of the Board are set on page xi

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 3

**Trustees**

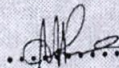
The members of the board trustees who served during the year are shown on page vi

**Auditors**

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

By Order of the Board

**Michael Rabar**

.....

**Chair of the Board**

Date: 31/07/2024

**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 Board established by ADCLB Act, 2014 shall prepare financial statements for the Board in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Board is responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2024. 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.

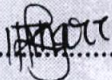
The Administrator of the Board accepts responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and ADCLB Act, 2014. The Administrator of the Board is of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2024, and of the Board's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Board has assessed the Board'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. OR


Nothing has come to the attention of the Administrator to indicate that the Board 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 Board's financial statements were approved by the Board on 31/07/2024 2024 and signed on its behalf by:

.....  


**Name: Zipporah Mwangi**  
**CCO-BHO**

.....  


**Name: Rhoda Otieno**  
**Director Liquor**

# REPUBLIC OF KENYA



*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON NAIROBI CITY COUNTY ALCOHOLIC DRINKS CONTROL AND LICENSING BOARD FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Nairobi City County Alcoholic Drinks Control and Licensing Board set out on pages 1 to 41, which comprise of the

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nairobi City County Alcoholic Drinks Control and Licensing Board as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

#### **1.1 Statement of Changes in Net Assets**

As previously reported, the statement of changes in net assets reflects a balance of Kshs.14,811,380 as at 30 June, 2023 which excludes a prior year's adjustment of Kshs.686,334,311 relating to revenue collected since 2015/2016 financial year. However, the expenditure arising from the revenue was not supported with payment vouchers and other supporting documents.

#### **1.2 Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects performance difference of Nil and Kshs.1,245,192 on finance cost and total expenditure respectively. However, re-computation results to amounts of Kshs.7,193 and Kshs.1,252,385. Further, the percentage utilization reflects incorrect percentages for revenue from licenses, general expenses and total expenditure of 95% and 88% instead of 90% and 99% respectively.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

### **2. Unconfirmed Depreciation Expense**

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects depreciation and amortization amount of Kshs.20,403,774. However, the amount charged during the year was not supported with a depreciation schedule showing the cost of each individual assets, accumulated depreciation over the years and the charge for the year.

In the circumstances, the accuracy and completeness of the depreciation and amortization expenditure of Kshs.20,403,774 could not be confirmed.

### **3. Unaccounted for Expenditure**

Review and analysis of ledgers and payment voucher revealed that the Board accrued expenditure of Kshs.36,669,398 being funds incurred in construction of containerized Liquor offices and establishment of Sinai rehabilitation center, however the expenditure was not accounted for in the financial statements under review.

In the circumstances, the accuracy and propriety of the expenditure totalling Kshs36,669,398 could not be confirmed.

### **4. Unsupported Procurements**

Included in the board, committees, conference and seminars expenditure of Kshs.23,211,399 is the Board payment of Kshs.1,809,600, Kshs.868,700 and Kshs.169,400 to two (2) firms for air ticket to Dubai, Arusha and conference facility respectively. However, it was not clear how the firms were procured since evidence of the procurement process which includes quotation, evaluation committee minutes, opening committee minutes, requisitions, professional opinion were not provided for audit. Further, the payment of Kshs.868,700 differed with ledger amount of Kshs.425,000 resulting to an unreconciled variance of Kshs.443,700.

In the circumstances, the accuracy, validity and completeness of the subsistence allowances totalling Kshs.2,847,700 could not be confirmed.

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

### **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 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**

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

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Annex I on progress on follow up of prior year Auditor's recommendations indicate that some of the issues have been resolved. However, Management has not

provided evidence on how the resolution was arrived at. Therefore, the matters remain unresolved.

### **Other Information**

The Management is responsible for the other information set out on page iii to xv which comprise of Key Entity Information and Management, Board of Trustees/Fund Administration Committee, Management Team, Board 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 Trustees and 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 Board's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Payment for Non-Board Activities**

The statement of financial performance reflects use of goods and services amount of Kshs.208,952,025 as disclosed in Note 7 to the financial statements which include Kshs.64,792,350 relating to domestic, foreign travel and subsistence allowances. Included in the amount is Kshs.690,200 paid to a company for air ticket and visa. However, it was not clear how the company was engagement since the procurement plan was not provided for audit. The payment voucher was also not supported with boarding pass, copy of passport and back to office report.

In addition, Kshs.1,392,000 was paid for half day conference package venue, projector, laptop, stationery, bottled water, lunch and refreshment to KSG. Review of the supporting

documents revealed that the expenditure was related to the Office of the Governor who had invited all the security team in Nairobi County to discuss on maintaining order and addressing security issues in the County. It is not clear why the expenditure was charged in the Liquor Board budget. Further the Board did not withhold tax when making the payment.

In the circumstances, the value for money for the expenditure amount of Kshs.2,082,200 could not be confirmed.

## **2. Uncollected Licensing Revenue**

The Board paid a company Kshs.2,000,000 for mapping exercise for Liquor outlets in all the sub counties within the County. The database report presented by company under clause 4 on data collection findings reported a total of 15,387 stores within the County with a total expected revenue of Kshs.745,597,000 per annum. However, the Board was only able to collect an amount of Kshs.270,247,247 reflecting an uncollected estimated revenue of Kshs.475,349,753.

Further, analysis of data issued per sub county presented for audit revealed that the database had 5237 Liquor stores against 15,387 operational stores as reported by the mapping company which results to the missed revenue collection from 10,150 stores.

In the circumstances, the Board should institute measures to ensure all outlets are licensed and revenue is collected.

## **3. Irregular Payment of Monthly Allowance to Board Members**

Review of Board payments revealed that Board members were paid monthly allowance totaling Kshs.4,320,000 for the year under review. Further, the monthly allowance was not subjected to PAYE tax as stipulated in the Income tax Act. In addition, the chairperson was being paid Kshs.110,000, vice chair Kshs.90,000 and members Kshs.80,000 which was not approved by the SRC.

In the circumstances, the expenditure was irregular.

## **4. Irregular Board and Sub-County Committee Meetings**

The Board incurred an amount of Kshs.15,672,000 as allowance to sub-county committee for twenty-four (24) meetings contrary to SRC memo to Nairobi County that states that allowances are payable for a maximum of twelve meetings per year.

In the circumstances, the propriety of the expenditures could not be confirmed.

## **5. Irregular Payment of Imprest**

Review and analysis of payment voucher number 62945 of Kshs.5,417,500 being payment for per diem for officers traveling for working retreat on 19 - 23 February, 2024 in Nakuru County revealed the following anomalies;

- i. Payment of 56 people were not in the list of the Board staff.
- ii. Appointment of the members to attend the retreat was not provided and therefore it was not clear how the paid staff and non-staff were arrived at.

- iii. Approval memo for the retreat was not provided and therefore the existence of the retreat could not be confirmed.
- iv. The venue for the retreat was not clear since no transaction was traced in payment to the retreat venue.
- v. No back to office report was provided.

In the circumstances, the value for money for the expenditure could not be confirmed.

## **6. Long Outstanding Payables**

The statement of financial position and as disclosed in Note 20 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.46,353,234 which further includes Kshs.13,641,508 that has been outstanding for more than two (2) years. It is not clear why the pending bills are not charged as a first charge as stipulated in the Public Finance Management Act, 2012.

In the circumstances, Management's commitment to settling the overdue payables remains uncertain.

## **7. Irregular Payment of a Consultant**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects an amount of Kshs.208,952,025 in respect to use of goods and services. The amount includes Kshs.4,692,000 relating to contracted professional services which further includes Kshs.2,676,000 paid to a company for training of stakeholders, County Executives and County Attorney's office and for the proposed amendments to NCC Alcoholic Drinks Control and Licensing Act, 2013. However, review of supporting documents revealed the following;

- i. The company was not in the list of suppliers presented for audit review.
- ii. There were no quotation documents presented for audit review hence not possible to confirm how the consultancy fee was arrived at.
- iii. The requisition for a training at Panari Hotel was dated 27 April, 2023 which was about two months after the consultant had already been contracted through an invitation letter.
- iv. The attendance schedule presented was not dated hence not possible to confirm the actual date the workshop took place given the invitation letter and the requisition documents had contradicting information regarding the training.
- v. The invoice number 11092023-03 claimed for a payment of a Board meeting at Panari Hotel on 31 May, 2023 which did not matched the invitation letter or the authority to

incur expenditure documents which reported 1 March, 2023 and 3 May, 2023 respectively hence casting doubt on the training expenditure.

- vi. Within the same invoice number 11092023-03 was a payment of Kshs.200,000 for a meeting at Boma Hotel. However, no invitation letter to the consultant to the Boma Hotel meeting on 11 May and 21 August was provided to support the expenditure.
- vii. Within the same invoice number 11092023-03 was a payment of Kshs.200,000 for a meeting at Boma Hotel on 21 August, 2023. The payment was supported with attendance lists which upon analysis revealed that the lists were for a meeting organized by the Sector of Business and Hustler opportunities for work-plan presentations at Boma Hotel. It was not possible to confirm why the consultant was paid to attend a sector meeting on presentation of work-plans.
- viii. There were no reports for the three meetings and training programmes presented for audit review.

In the circumstances, the expenditure was irregular.

## **8. Lack of Inventory Policy**

Review of procurement records revealed that there was no documentary evidence provided indicating that the entity had an Inventory Policy to guide on inventory management, stores and assets purchased. This was contrary to Regulation 132(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer of a County Government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse; movement and conditions of assets can be tracked; and stock levels are at an optimum and economical level.

In the circumstances, Management was in breach of the law and existence of effective internal controls on the assets could not be confirmed.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON 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.

*Report of the Auditor-General on Nairobi City County Alcoholic Drinks Control and Licensing Board for the year ended 30 June, 2024*

## **Basis for Conclusion**

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

## **Responsibilities of Management and 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 which 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 Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of an intention to liquidate the Company or 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 complies 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 Board's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL


Nairobi

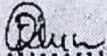
27 December, 2024


Nairobi City County Alcoholic Drinks Control and Licensing Board  
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024

		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Revenue from Licenses	3	270,747,747	238,856,549
<b>Total Revenue From Exchange Transactions</b>		270,747,747	238,856,549
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	-	-
Other Income	5	-	-
<b>Total Revenue From Exchange Transactions</b>		-	-
<b>Total Revenue</b>		270,747,747	238,856,549
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	208,952,025	197,495,121
Depreciation and Amortization Expense	8	20,403,774	-
Finance Costs	9	492,807	-
<b>Total Expenses</b>		229,848,606	197,495,121
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
<b>Total Gain/Losses</b>		-	-
<b>Surplus/(Deficit) for the Period</b>		40,899,141	41,361,428

  
Name: Zipporah Mwangi  
CCO-BHO

  
Name: Rhoda Otieno  
Director Liquor

  
Name: Clare Kenya  
Asst. Director Accounting  
ICPAK Member Number:

**Nairobi City County Alcoholic Drinks Control and Licensing Board**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**15. Statement of Financial Position As at 30 June 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	38,159,638	15,110,805
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Prepayments	14	-	-
Inventories	15	3,391,494	-
Investments in financial assets	16	-	-
<b>Total current assets</b>		<b>41,551,132</b>	<b>15,110,805</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	60,512,623	38,334,363
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
<b>Total non- current assets</b>		<b>60,512,623</b>	<b>38,334,363</b>
<b>Total Assets (A)</b>		<b>102,063,755</b>	<b>53,445,168</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	46,353,234	38,633,788
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
<b>Total current liabilities</b>		<b>46,353,234</b>	<b>38,633,788</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-

Nairobi City County Alcoholic Drinks Control and Licensing Board  
Annual Report and Financial Statements for the year ended June 30, 2024

Description	Note	2023/2024	2022/2023
		Ksh	Ksh
Social benefit liabilities	24	-	-
<b>Total Current Liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>46,353,234</b>	<b>38,633,788</b>
<b>Net Assets (A-B)</b>		<b>55,710,521</b>	<b>14,811,380</b>
Represented By:			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		55,710,521	14,811,380
<b>Net Assets</b>		<b>55,710,521</b>	<b>14,811,380</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 31/7 2024 and signed by:

  
.....

Name: Zipporah Mwangi

CCO-BHO

  
.....

Name: Rhoda Otieno

Director Liquor

  
.....

Name: Clare Kenya

Asst. Director Accounting

ICPAK Member Number:

*Nairobi City County Alcoholic Drinks Control and Licensing Board*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024**

Description	Capital Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>			<b>659,784,263</b>	<b>659,784,263</b>
Surplus/(Deficit) For the Period	-	-	41,361,428	41,361,428
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Prior years adjustment			<b>686,334,311</b>	<b>686,334,311</b>
<b>Balance as at 30 June 2023</b>			<b>14,811,380</b>	<b>14,811,380</b>
<b>Balance as at 1st July 2023</b>			<b>14,811,380</b>	<b>14,811,380</b>
Surplus/(Deficit) For the Period	-	-	40,899,141	40,899,141
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	-	-	<b>55,710,521</b>	<b>55,710,521</b>

**Nairobi City County Alcoholic Drinks Control and Licensing Board**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
<b>Balance brought forward</b>		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		270,747,747	238,856,549
<b>Total receipts</b>		<b>270,747,747</b>	<b>238,856,549</b>
<b>Payments</b>			
Fund administration expenses		-	-
General expenses		-	-
Finance cost		492,807	-
Use of goods and services		208,952,025	197,495,121
<b>Total Payments</b>		<b>209,444,832</b>	<b>197,495,121</b>
Changes in Inventories		-3,391,494	
Changes in Trade and Other Payable		7,719,446	
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>65,630,867</b>	<b>41,361,428</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-42,582,034	26,567,278
Proceeds from sale of property, plant & equipment		-	-
<b>Net cash flows used in investing activities</b>		<b>-42,582,034</b>	<b>26,567,278</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-

**Nairobi City County Alcoholic Drinks Control and Licensing Board**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; cash</b>		<b>23,048,833</b>	<b>14,794,150</b>
Equivalents			
Cash and cash equivalents at 1 July		15,110,805	316,655
<b>Cash and cash equivalents at 30 June</b>		<b>38,159,638</b>	<b>15,110,805</b>

**Nairobi City County Alcoholic Drinks Control and Licensing Board**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Revenue from Licenses	290,571,299	9,428,701	300,000,000	270,747,747	29,252,253	95
Transfers From County Govt.	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0
Other Income	0	0	0	0	0	0
Total Income	290,571,299	9,428,701	300,000,000	270,747,747	29,252,253	95
Expenses						
Fund Administration Expenses	0	0	0	0	0	0
General Expenses	220,071,299	9,428,701	229,500,000	228,254,808	1,245,192	88%
Finance Cost	500,000.00	0	500,000.00	492,807.00	0	0
Total Expenditure	220,571,299	9,428,701	230,000,000	228,747,615	1,245,192	88%
Surplus For the Period	0	0	0	0	0	0
Capital expenditure	70,000,000	-	70,000,000	42,582,034	27,417,966	60.83
Totals	290,571,299	9,428,701	300,000,000	271,329,649	28,663,158	
Surplus For the Period				- 581,902.00		

**Note**

**The variance in revenue of kshs 29,252,253 was as a result of closure of nightclubs and bars that are not compliant with the regulations.**

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

NCC ADCLB entity is established by and derives its authority and accountability from ADCLB Act 2014. The entity is wholly owned by the Nairobi County Government and is domiciled in Kenya. The entity’s principal activity is liquor Licensing.

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

The Board’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 2024*

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

*(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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.
IPSAS 44: Non- Current Assets Held for Sale and	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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:

**Nairobi City County Alcoholic Drinks Control and Licensing Board**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**Nairobi City County Alcoholic Drinks Control and Licensing Board**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
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**(i) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year 2023-2024

**1. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2023-2024 was approved by the County Assembly. 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. Accordingly, the Board did not record additional any appropriations on the FY 2023-2024 budget following the governing body's approval.

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

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under the financial statements. Depreciation is direct method Land building 10%, Motor vehicle 25%, Furniture & fittings 12.5% and Computers Office Furniture 33.3%.

**c) Property, plant and equipment**

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

**a) Intangible Assets**

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

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

**b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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)**

**c) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

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

**Financial liabilities**

**Classification**

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

**d) Inventories**

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

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

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

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

**e) Provisions**

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

**f) Social Benefits**

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

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

**g) Contingent liabilities**

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

**Contingent assets**

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

**h) Nature and purpose of reserves**

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

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

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

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

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

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

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

**k) Foreign currency transactions**

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

**l) Borrowing costs**

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

**m) Related parties**

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

**n) Cash and cash equivalents**

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

**o) Comparative figures**

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

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

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

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

**6. Notes to The Financial Statements Continued**

**1. Public contributions and donations**

Description	2023-2024	2022-2023
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From The Public	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**2. Transfers from County Government**

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	0	0
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**3. Revenues (Licenses)**

Description	2023-2024	2022-2023
	Kshs	Kshs
Brewers (1 Million liters and above per annum)	877,423	3,008,000
Brewers ( 499,999 liters and above per annum)	584,949	2,355,000
Members/Club	5,431,668	949,000
Proprietary	5,515,232	13,242,000
Distributors	2,151,776	4,717,000
Distributor Depot	2,736,725	1,107,000
General Retail-off License	89,225,589	235,000
General Retail License	50,681,638	7,086,000
Hotel	14,895,304	41,132,000
Import (500,000 liters to 999,999 liters per annum)	83,564	2,007,000
Import (499,999 liters and below per annum)	125,346	5,079,000
Restaurants	48,112,042	76,400,549

**Nairobi City County Alcoholic Drinks Control and Licensing Board**  
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Supermarkets	3,927,514	9,998,000
Travelers license (Without a General retail License)	3,384,347	36,000
Wholesale	62,673	71,505,000
Theatre	208,910	
Temporary	42,743,047	
<b>Total</b>	<b>270,747,747</b>	<b>238,856,549</b>

**4. Interest income**

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	0	0
Interest Income From Car Loans	0	0
Interest Income From Investments in financial assets	0	0
Interest Income On Bank Deposits	0	0
<b>Total Interest Income</b>	<b>0</b>	<b>0</b>

**Notes to the Financial Statements Continued**

**5. Other income**

Description	2023-2024	2022-2023
	Kshs	Kshs
Insurance Recoveries	0	0
Income from Sale of Tender Documents	0	0
Bad debts recovered	0	0
Miscellaneous Income	0	0
<b>Total Other Income</b>	<b>0</b>	<b>0</b>

**6. Employee Costs**

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other ( <i>Specify</i> )	0	0

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<b>Total</b>	<b>0</b>	<b>0</b>
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**7. Use of Goods and Services**

Description	2023-2024	2022-2023
	Kshs	Kshs
Office and General Supplies & Services	12,979,919	8,450,000
Bank Charges	0	84,720
Depreciation		8,016,085
Utilities Supplies and Services	0	260,000
Communication Supplies and Services	200,000	100,000
Domestic Travel Subsistence other transport	13,966,501	44,500,000
Printing, advertising and information supplies	4,967,793	36,700,000
Training Expenses	4,492,767	7,450,000
Hospitality Supplies and services	0	44,908,745
Specialized materials and supplies	0	560,000
Fuel oil and lubricates	4,897,800	4,820,000
Other operating expenses	36,050,895	24,260,000
Routine maintenance- other assets	2,498,194	1,530,000
Purchase of furniture and General Equipment	0	9,950,000
Training (development)	0	5,905,000
Purchase of computers and IT Equipment	0	
Electricity	422,285	
Water and Sewerage charges	236,254	
Internet Connections	1,036,570	
Travel cost (airline, bus, railway, mileage allowances)	8,951,325	
Daily Subsistence Allowance	24,710,400	
Field allowance	5,987,549	
Travel costs (Airline, bus, railway, etc.)	2,999,175	
Accommodation	3,679,600	
Daily subsistence Allowance	4,497,800	
Trade show Exhibitions	2,967,000	
Advertising, Awareness and Public Campaigns	16,860,656	
Rent and Rates –Non Residential	7,000,000	
Catering services (receptions), Accommodation, Gifts, foods and drinks	3,979,880	

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Board, committees, Conferences and Seminars	23,211,399	
Board Allowances	10,999,263	
Education and library Supplies	490,000	
Purchase of Uniforms and clothing -staff	1,488,900	
Sanitary and cleaning materials, supplies and services	3,854,400	
Membership fees, Dues and Subscriptions to Professional and trade bodies	44,800	
Contracted Professional services	4,692,000	
Maintenance of Office furniture and Equipment	192,600	
Maintenance of Buildings and Stations – Non Residential	200,000	
Maintenance of Computers, Software and Networks	396,300	
<b>Total</b>	<b>208,952,025</b>	<b>197,495,121</b>

**8. Depreciation and Amortization Expense**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Depriciation	20,403,774	0
Intangible Assets	0	0
<b>Total</b>	<b>20,403,774</b>	<b>0</b>

**9. Finance costs**

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Bank Charges	492,807	
<b>Total</b>	<b>492,807</b>	<b>0</b>

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
<b>Total Gain</b>	<b>0</b>	<b>0</b>

**12. Cash and cash equivalents**

Description	2023-2024	2022-2023
	Kshs	Kshs
Xxx Car Loan Account	0	0
Xxx County Mortgage Account	0	0
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	38,159,638	15,110,805
Others ( <i>Specify</i> )	0	0
<b>Total Cash And Cash Equivalent</b>	<b>38,159,638</b>	<b>15,110,805</b>

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**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>c) Current Account</b>			
Coop Bank of Kenya		0	0
A/C 01141230914900		38,159,638	15,110,805
<b>Sub- Total</b>		<b>38,159,638</b>	<b>15,110,805</b>
<b>d) Others(Specify)</b>			
Cash In Transit		0	0
Cash In Hand		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>38,159,638</b>	<b>15,110,805</b>

**13. Receivables from exchange transactions**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
<b>Total Current Receivables</b>		
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	0	0
<b>Total Non- Current Receivables</b>	<b>0</b>	<b>0</b>
<b>Total Receivables From Exchange Transactions</b>	<b>0</b>	<b>0</b>

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**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

**14. Prepayments**

Description	2023-2024	2022-2023
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**15. Inventories**

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable Stores	3,391,494	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories ( <i>Specify</i> )	0	0
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	<b>3,391,494</b>	<b>0</b>

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	<b>0</b>	<b>0</b>
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank x	0	0
Bank y	0	0
Sub- total	<b>0</b>	<b>0</b>
<b>c. Equity investments (specify)</b>		
Equity/ shares in Entity xxx	0	0
Sub- total	<b>0</b>	<b>0</b>
<b>Grand total</b>	<b>0</b>	<b>0</b>

Movement of Equity Investments

Impairment allowance/ provision	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	0	0
Gain/(loss) in fair value of investments through surplus or deficit	0	0
<b>At the end of the year</b>	<b>0</b>	<b>0</b>

e) Shareholding in other entities

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			
	%	%	%	Kshs	Current year Kshs	Prior year Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0

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

**17. Property, plant and equipment**

	<b>Land and Building</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 1st July 2022</b>	-	7,162,646	14,500,058	2,584,162	24,246,866
Additions	-	7,087,300	17,263,823	2,216,155	26,567,278
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30th June 2023</b>	-	14,249,946	31,763,881	4,800,317	50,814,144
At 1st July 2023	-				
Additions	5,000,000	-	8,377,500	29,204,534	42,582,034
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30th June 2024</b>	5,000,000	14,249,946	40,141,381	34,004,851	93,396,178
<b>Depreciation and Impairment</b>					
<b>At 1st July 2022</b>	-	1,790,662	1,812,507	860,526	15,438,937
Depreciation	-	3,562,487	2,869,494	1,584,105	8,016,085
Impairment		-	-	-	-
Transfers/Adjustments					-
<b>At 30th June 2023</b>		5,353,149	4,682,001	2,444,631	23,455,022

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<b>At 1st July 2023</b>	-	<b>5,353,149</b>	<b>4,682,001</b>	<b>2,444,631</b>	<b>23,455,022</b>
Depreciation	500,000	3,562,487	5,017,673	11,323,615	20,403,774
Disposals	-	-	-	-	-
Impairment				-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30th June 2024</b>	<b>500,000</b>	<b>8,915,635</b>	<b>9,699,674</b>	<b>13,768,246</b>	<b>32,883,555</b>
<b>Net Book Values</b>	-	-	-	-	-
<b>At 30th June 2023</b>	-	<b>8,896,798</b>	<b>27,081,880</b>	<b>2,355,686</b>	<b>38,334,363</b>
<b>At 30th June 2024</b>	<b>4,500,000</b>	<b>5,334,311</b>	<b>30,441,707</b>	<b>20,236,605</b>	<b>60,512,623</b>

*Nairobi City County Alcoholic Drinks Control and Licensing Board*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**18. Intangible assets**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	0	0
Additions	0	0
<b>At End of The Year</b>	0	0
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	0	0
Amortization	0	0
<b>At End of The Year</b>	0	0
Impairment Loss	0	0
<b>At End of The Year</b>	0	0
<b>NBV</b>	0	0

**19. Investment Property**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>At beginning of the year</b>	0	0
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
Gain/(loss) in fair value (if fair value is elected)	0	0
<b>At end of the year</b>	0	0

*Nairobi City County Alcoholic Drinks Control and Licensing Board*  
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**Notes To The Financial Statements (Continued)**

**20. Trade and other payables from exchange transactions**

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	46,353,234		38,633,788	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
<b>Total Trade and Other Payables</b>	<b>46,353,234</b>		<b>38,633,788</b>	
<b>Ageing analysis (Trade and other payables)</b>	<b>2023-2024</b>	<b>% of the Total</b>	<b>2022-2023</b>	<b>% of the Total</b>
Under one year	32,711,726	70.5%	19,481,950	50%
1-2 years	0	0%	18,918,558	49%
2-3 years	2,243,000	4.8%	0	0%
Over 3 years	11,398,508	24.7%	233,280	0.6%
<b>Total (tie to above total)</b>	<b>46,353,234</b>	<b>100%</b>	<b>38,633,788</b>	<b>100%</b>

**21. Provisions**

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

**Nairobi City County Alcoholic Drinks Control and Licensing Board  
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**Notes to The Financial Statements (Continued)**

**22. Borrowings**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	<b>0</b>	<b>0</b>
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments of External Borrowings During the Period	0	0
Repayments of Domestic Borrowings During the Period	0	0
<b>Balance At End of The Period</b>	<b>0</b>	<b>0</b>

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
<b>Total Balance at End of The Year</b>	<b>0</b>	<b>0</b>

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*Nairobi City County Alcoholic Drinks Control and Licensing Board*  
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**Notes to The Financial Statements (Continued)**

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2023-2024	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
<b>Total</b>	0	0	0	0	0

**24. Social Benefit Liabilities**

Description	2023-2024	2022-2023
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
Current social benefits	0	0
Non- current social benefits	0	0
<b>Total (tie to totals above)</b>	<b>0</b>	<b>0</b>

**Nairobi City County Alcoholic Drinks Control and Licensing Board  
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**Notes To The Financial Statements (Continued)**

**25. Cash generated from operations.**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>40,899,140.90</b>	<b>15,110,805.00</b>
Adjusted For:		
Depreciation	20,403,774.48	-
Prior Year adjustment on Depreciation		
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income		-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-3,391,494.00	-
Prior Year Adjustment	-	
Increase In Receivables	-	-
Increase In Payables	7,719,445.62	26,250,623.00
<b>Net Cash Flow From Operating Activities</b>	<b>65,630,867.00</b>	<b>41,361,428.00</b>

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

**26. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

**c) Key management remuneration**

Description	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	6,120,000	3,440,552
Key Management Compensation	0	0
<b>Total</b>	<b>6,120,000</b>	<b>3,440,552</b>

**d) Due from related parties**

Description	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Other Disclosures Continued**

**e) Due to related parties**

Description	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**27. Contingent assets and contingent liabilities**

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case Xxx Against the Fund	0	0
Bank Guarantees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

**28. Financial risk management**

The Board's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board'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 Board's financial risk management objectives and policies are detailed below:

**a) Credit risk**

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
<b>Total</b>	0	0	0	0
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
<b>Total</b>	0	0	0	0

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

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

The entity has significant concentration of credit risk on amounts due from 0

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
<b>At 30 June (2023-2024)</b>				
Trade Payables	0	0	46,353,234	46,353,234
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>46,353,234</b>	<b>46,353,234</b>
<b>At 30 June (2022-2023)</b>				
Trade Payables	0	0	38,633,788	38,633,788
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>38,633,788</b>	<b>38,633,788</b>

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

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

**i. Foreign currency risk**

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

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

Description	Other currencies		Total
	Kshs	Kshs	Kshs
<b>At 30 June (2023-2024)</b>			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	0	0	0

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>(2023-2024)</b>			
Euro	10%	0	0
USD	10%	0	0
<b>(2022-2023)</b>			
Euro	10%	0	0
USD	10%	0	0

**ii. Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. 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 (2024: Kshs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2023 – Kshs xxx).

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

**d) Capital risk management.**

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
<b>Total funds</b>	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	0	0

**29. Events after the reporting period**

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

**30. Ultimate and Holding Entity**

The entity is a County Public Board established by NCC ADCLB Act 2014 under the Ministry of Trade. Its ultimate parent is the County Government of Nairobi.

**31. Currency**

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

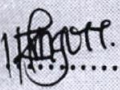
**Annexes**

**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.

1.1	No existing data base of liquor outlets	Management has carried out the mapping exercise to ascertain the number of outlets	Resolved	
1.2	Statement of changes in Net Assets excluded prior years adjustments	The carried forward amount from prior years i.e. from 2015-2016 was erroneously recorded as accumulated figures.	Resolved	
1.3	Statement of comparison budget and actual amounts	Management has ensured that in this financial year the issue does not occur	Resolved	
2	Omission of rent arrears in trade and other payables	Management has ensured that rent is up to date	Resolved	

Accounting Officer (CCO Business & Hustler Opportunities)

Zipporah Mwangi ..... 

Date 31<sup>st</sup> JULY 2024 .....

**Nairobi City County Alcoholic Drinks Control and Licensing Board**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Annex II: Inter-Fund Confirmation Letter**  
*[Insert your Letterhead]*

*[Insert name of beneficiary Fund]*

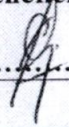
*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

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

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

**Head of Accountants department of beneficiary Fund:**

Name: Clare Kenya      Sign .....  ..... Date 31/7/2024

*Nairobi City County Alcoholic Drinks Control and Licensing Board*  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

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

03

**Nairobi City County Alcoholic Drinks Control and Licensing Board**  
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**Annex IV: Reporting on Disaster Management Expenditure**

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