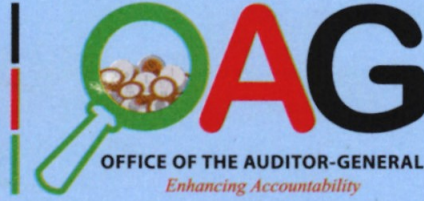


REPUBLIC OF KENYA



REPORT



OF

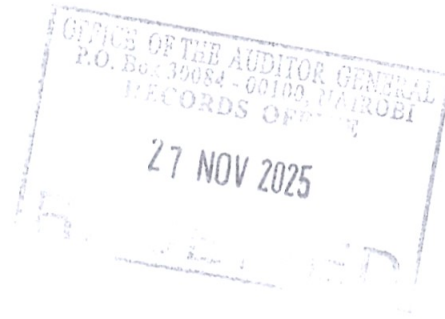
THE AUDITOR-GENERAL

ON

TOBACCO CONTROL FUND

FOR THE YEAR ENDED
30 JUNE, 2025

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	12 MAR 2026
	DAY: THUR
TABLED BY:	Hon. Leader of the Majority Party HON. DWIEN BAKANDA
CLERK-AT-THE-TABLE:	MERCY CHUMO



TOBACCO CONTROL FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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

TOBACCO CONTROL FUND

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

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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
TCF	Tobacco Control Fund
IEC	Information Education and Communication
WHO	World Healthy Organization
PGH	Provincial General Hospital
PWD	Person With Disabiity
SDG	Sustainable Development Goals

TOBACCO CONTROL FUND

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

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

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

2. Key Entity Information and Management

(a) Background information

The Tobacco Control Fund is established under section 7(1) of the Tobacco Control Act No. 4 of 2007. Its primary purpose is to finance public health programs aimed at reducing tobacco use through awareness, cessation, and research. The fund was officially initiated and commenced its operations during the reporting period. The major activities of the fund are implemented from the Division of Drugs and Substance Abuse Control in the State Department for Public Health and Professional Standards, Ministry of Health under the National Government.

(b) Mandate

The Fund's function is firmly anchored on the following six core mandates, which guide its strategic direction and operational activities:

Policy Development and Implementation: To formulate, review, and enforce evidence-based policies and relevant legislation aimed at preventing and controlling demand and supply of tobacco and nicotine products in the country.

Public Awareness and Education: Development and implementation of targeted information, education, and communication (IEC) campaigns to enhance public awareness about the risks and consequences of tobacco and nicotine products use.

Enforcement and Compliance: To oversee the effective regulation of controlled substances and ensure strict compliance with relevant laws and policies through collaborative efforts with enforcement agencies.

Research and Surveillance: To generate timely and reliable data through comprehensive research and surveillance systems to inform evidence-based policies, interventions, and resource allocation.

Capacity Building: To strengthen institutional and human resource capacity at national and sub-national levels to effectively implement tobacco and nicotine products control programs.

TOBACCO CONTROL FUND

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

Partnership and Collaboration: To foster synergistic partnerships and effective collaboration across various government sectors, civil society organizations, international agencies, and other relevant stakeholders to achieve a unified and comprehensive response to tobacco and nicotine products control.

Vision

A tobacco free nation with healthy individuals and communities in a clean environment.

Mission

To implement co-ordinated and integrated multi-sectoral evidence-based Tobacco control policies and programmes that are in line with the WHO, FCTC in order to achieve the highest attainable standards of health for all Kenyans and the Sustainable Development Goals

Core Values

People Centeredness

Result Oriented

Integrity

Professionalism

Accountability

Partnership and Collaboration

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

(c) Key Management

The TCF's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Fund Administrator as provided for in section 8 (1)	Principal Secretary, State Department for Public Health and Professional Standards
2.	Fund Secretariat as provided for under section 8(3) (e) of the Tobacco Control Act 2007	Dr. Andrew Toro – Head of Secretariat Mr. Samuel Kinyua – Deputy Head of Secretariat Lucy Gikeri- Accountant Jane Mwanthi - Procurement

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name	Date of Appointment
1.	Fund Administrator	Ms Mary Muthoni Muriuki CBS, Principal Secretary, State Department	July 2024
2.	Head Tobacco Control Fund	Dr. Andrew Toro	July 2024
3.	Head of Finance	Mr. Samuel Macharia	July 2024
4.	Procurement Officer	Ms. Jane Mwanthi	July 2024
5.	Accountant	CPA Lucy Gikeri	July 2024

TOBACCO CONTROL FUND

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

(e) Fiduciary Oversight Arrangements

The following are the different committees and their activities in the Fund:

Audit Committee Activities

- Evaluating adequacy of management procedures with regard to risk management, control and governance
- Reviewing and approving the audit charter and the internal audit manual work plans
- Reviewing the internal and external audit findings/recommendation and proposing necessary action
- Reviewing the systems established to ensure sound public financial management and internal controls, compliance with policies, laws, regulations, procedures, plans and ethics
- Initiating special audit/investigation on any allegations, concerns and complaints regarding, lack of accountability and transparency in consultation with the Accounting Officer.

Public Finance Management Committee

- Budget Implementation
- Budget Review Expenditure
- Evaluation of projects implementation status
- Discuss and agree on re-allocation/increase or decrease of budgetary allocations
- Preparation of quarterly expenditure forecasts for discussions with National Treasury for release of funds

Development Partner Oversight Activities

- Carrying out periodic financial review on project activities
- Issuing no objection clearance on planned spending on project activities
- Carrying out regular supervision mission
- Offering advice on the best practices worldwide in as far as project implementation is concerned
- Offering technical support where local talent is insufficient

Parliamentary Oversight Activities

The Tobacco Control Fund is being oversighted by the following parliamentary committee

- Parliamentary Accounts Committee
- Health Committee
- Budget Committee

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

(f) TCF Headquarters

Ministry of Health
P.O. Box 30016-00100
Afya House Building
Old Mbagathi Road
Nairobi, KENYA

(g) TCF Contacts

Telephone: (254) 2717077
E-mail: ps.publichealth@health.go.ke
Website: www.ministry.go.ke

(h) TCF Bankers

Cooperative Bank
Upper Hill Branch
P.O. Box 60000
Nairobi, KENYA

(i) Independent Auditor

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, KENYA


(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, KENYA


TOBACCO CONTROL FUND

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

3. The Fund Secretariate


Ref	Secretariate	Details
1.		<p>Ms. Mary Muthoni Muriuki, CBS has served as the Principal Secretary, State Department for Public Health and Professional Standards since 17th May 2023. She is also the Deputy Dean of Principal Secretaries, and the Co-Chair of the Kenya Coordinating Mechanism for the Global Fund Grant.</p> <p>Previously, Ms. Muriuki served as the Principal Secretary for Correctional Services from 1st December 2022 to 16th May 2023. Before joining public service at this level, she was the President and Chief Executive Officer of Women in Business Kenya (WIB), where she championed women’s empowerment and advocated for increased participation of women in public procurement through the Access to Government Procurement Opportunities (AGPO) program.</p> <p>She has also served as a Director at the Kenya National Chamber of Commerce and Industry (KNCCI) and as a member of the Kenya Private Sector Alliance (KEPSA). In these roles, she worked with both international and local organizations—including the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD) to coordinate trade initiatives on behalf of Kenya’s private sector.</p> <p>Her career spans over a decade of leadership in both the public and private sectors, with</p>

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

		<p>extensive experience in policy formulation, legislation, financial management, stakeholder engagement, risk management, and institutional leadership. She has also served on the boards of several educational institutions and community organizations, including the Tobacco Control Board, and as Vice Chair of the Kirinyaga Investment and Development Authority.</p> <p>She holds a Master of Business Administration (MBA) from Baraton University. Her outstanding leadership has earned her numerous recognitions and awards, including: Chief of the Order of the Burning Spear (CBS), 2023, Head of State Commendation (HSC), 2021 for community service, Uzalendo Award, 2019, Regional Winner, East Africa – CEO Global Pan African Awards, 2019, Africa Business Leaders Award (Gender Category), 2018 and Devolution Warrior Award (Gender-Responsive Delivery Category), 2017.</p>
2.	 <p>Dr Andrew Toro</p>	<p>MBChB (UON)M.MED MBA(UEAB), Repro End (Tel Aviv) Senior Deputy Director of Medical Services Head Division of Drug and Substance Abuse Control National Focal Point for Tobacco Control Chair, Tobacco Control Fund Implementation Team, State Department for Public Health and Professional Standards, Ministry of Health.</p>



TOBACCO CONTROL FUND

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

3.		<p>CPA LUCY GIKERI</p> <p>Professional Qualification: Certified Public Accountant BSc.Bachelor of Commerce (Account Option) Masinde Muliro University</p>
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TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

4. Key Management Team

	Management	Details
1.	 <p> MBChB (UON)M.MED MBA(UEAB), Repro End(Tel Aviv) Senior Deputy Director of Medical Services Head Division of Drug and Substance Abuse Control National Focal Point for Tobacco Control Chair, Tobacco Control Fund Implementation Team, State Department for Public Health and Professional Standards, Ministry of Health. </p>	<p>Dr. Andrew Toro, OGW – Head, Division of Drug and Substance Abuse Control</p>
2.		<p>CPA Lucy Gikeri – Accountant</p>

TOBACCO CONTROL FUND

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

	<p>Professional Qualification: Certified Public Account BSc.Bachelor of Commerce (Account Option) Masinde Muliro University</p>	
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TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

5. Accounting Officer's Statement

As the Accounting Officer for the State Department for Public health and Professional Standards and also the Fund administrator as set out in section 8(1) of the Tobacco Control Act 2007, I am personally responsible for safeguarding the public funds for which I have been given charge under the State department for Public Health and Professional Standards. Where I have appointed additional Accounting Officers, their responsibilities are also set out in this statement. This system statement covers the financial performance of the fund including how it has been managed and its sources. It further describes accountability for all expenditure of fund through the department's Estimate.

The Fund shall consist of

- (a) such sums as may be appropriated by Parliament for that purpose;
- (b) such sums as may be realised from property forfeited to the Government under section 52 of the Tobacco Control Act 2007;
- (c) sums received, including fees, contributions, gifts or grants from or by way of testamentary bequest by any person or persons: Provided that such sums may not be received from any person that would create a conflict of interest;
- (d) monies earned or arising from any investment of the Fund pursuant to section 8(2);
- (e) all other sums which may in any manner become payable to, or vested in, the Fund;
- (f) a solatium compensatory contribution payable by any licensed cigarette manufacturers or importers in the country as may be determined by the Board.

So far the only source for the funds remains solatium compensatory contribution which cannot support the objectives for which the fund is established.

As the fund administrator, I hereby declare that the financial statement for the period under review was prepared with my full knowledge as the accounting officer and in accordance with applicable national financial reporting standards and the relevant legislation, which is the Tobacco Control Act.

The Fund is used for meeting the capital and current expenditure relating to:

- (a) research, documentation and dissemination of information on tobacco and tobacco products;
- (b) promoting national cessation and rehabilitation programs; and
- (c) any other matter incidental to the matters stated in paragraphs (a) and (b).

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

Performance and Outcomes:

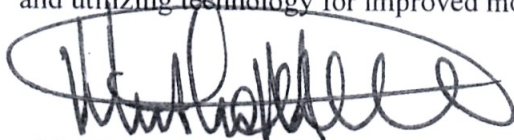
Under emerging nicotine products, the fund implementation committee successfully led a high-level national task force mandated to thoroughly examine the escalating use of novel nicotine and tobacco products within the country. This initiative involved a comprehensive assessment of the current landscape, identification of critical regulatory gaps, and evaluation of the prevailing low levels of public awareness regarding these emerging products.

Under legislative and policy reforms and policy reforms a comprehensive review of the Tobacco Control act 2007 was done and the proposed amendments, aimed at strengthening the Act and addressing emerging challenges. The amendment bill has been finalized and are currently awaiting stakeholder validation before being submitted for further legislative processes.

Under cessation and rehabilitation service the management undertook a crucial step towards strengthening cessation support by designing and costing prototype cessation centers. Furthermore, an initial assessment was conducted in eight strategically selected hospitals across the country to evaluate their suitability for hosting these centers, laying the groundwork for expanding access to cessation services.

On public awareness and sensitization on dangers of tobacco and nicotine products Comprehensive nationwide awareness campaigns on the dangers of drug and substance abuse were successfully implemented across all forty-seven (47) counties. For effective coordination and outreach, the counties were strategically grouped into ten (10) regional clusters, with active participation and support from County Health Management Teams (CHMTs) and county enforcement agencies.

While significant progress has been made, the State department continues to face challenges such as legislative delays, inconsistencies in county-level enforcement, persistent industry interference, public awareness deficits, deeply ingrained cultural norms, and the rapid emergence of new tobacco and nicotine products. Opportunities exist in leveraging county engagement, fostering public-private partnerships, capitalizing on global and regional alliances, engaging youth through digital platforms, strengthening research and innovation partnerships, enhancing community-based health promotion, and utilizing technology for improved monitoring and surveillance.



MARY MUTHONI MURIUKI, CBS
ACCOUNTING OFFICER

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

6. Statement of Performance against Predetermined Objectives for FY 2024/2025

The Tobacco Control Fund has 3 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/2025. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Research, documentation and dissemination of information on tobacco and tobacco products;

Pillar/theme/issue 2: promoting national cessation and rehabilitation programs

Pillar/theme/issue 3: Any other matter incidental to the matters stated in pillar 1 and 2

The pillars have further been broken down into six thematic areas namely

1. Policy Development and Implementation
2. Public Awareness and Education
3. Enforcement and Compliance
4. Research and Surveillance:
5. Capacity Building:
6. Partnership and Collaboration

The Tobacco Control Fund Secretariat develops its annual work plans based on the above 3 pillars and 6 thematic areas. Assessment of the performance against annual work plan is done on a quarterly basis. The Fund Secretariate achieved its performance targets set for the FY 2025 period for its strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Pillar/ theme/ issue 1: Legislative and Policy Reform	Review and align the Tobacco Control Act to the New Kenya Constitution 2010	Tobacco Control Act amended and aligned to the new constitution	<ul style="list-style-type: none"> - Gaps analysis - Public consultations - Meetings with Parliamentary Committees - Meetings with Senate committees 	Tobacco Control Act (Amendment bill) 2024
	Shisha ban operationalization		<ul style="list-style-type: none"> - Public participation 	

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			<ul style="list-style-type: none"> - Consultation with parliamentary committees - Consultation with Senate Committees 	
	Development of third batch of Graphic Health Warnings	Third batch of graphic health warnings implemented by all tobacco and nicotine products manufacturer, importers and wholesalers	Workshops to develop graphic health warnings. Public consultation across the 47 counties Parliamentary and senate committees' consultations	Public participation conducted successfully Parliamentary and Senate committees' approvals obtained 3 rd batch of graphic health warnings rolled out.
2. Pillar/ theme/ issue 1: Operationalization of the Tobacco Control Fund				
3. Pillar/ theme/ issue 1: Nationwide Awareness Campaigns	Awareness creation on harmful effects of tobacco and nicotine products	Proportion of population reached with key	Hold awareness creation workshops with various target groups in 47 counties	Over 5000 members of the public reached with campaign

TOBACCO CONTROL FUND
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		messages on harmful effects of tobacco and nicotine products		messages in 47 counties
1. Pillar/ theme/ issue 2: Advocacy and Stakeholder Engagement	To enhance stakeholder coordination and implementation of tobacco control activities	Streamlined coordination of tobacco control activities in the country	Stakeholder mapping Stakeholder forum establishment Development of stakeholders TOR Formation of Technical working groups based on each thematic areas	Multistakeholder coordination forum established TWGs formed and activated TORs for TWGs developed
2. Pillar/ theme/ issue 1: International Collaboration	Knowledge management and information sharing	New policies and strategies developed	Regional and global strategy meetings attended	Resolutions of the regional and global meetings adopted and implemented
3. Pillar/ theme/ issue 1: implementation of Presidential Directives	Presidential directives on proliferation of illicit tobacco and alcohol products implemented	Enhanced labelling and packaging guidelines	Development of packaging and labelling guidelines for tobacco and nicotine products. proliferation of illicit	Guidelines developed, approved and launched

TOBACCO CONTROL FUND

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

			tobacco and alcohol products. intensified enforcement of regulations related to labeling and packaging	
Pillar/ theme/ issue 2: implementation of Presidential Directives	Cessation Services and Infrastructure	No of Cessation and rehabilitation centres established and equipped in 47 counties	Construction and equipping of rehabilitation centres	2 rehabilitation centres prioritized for construction and equipping in Nakuru PGH and Nyeri PGH

TOBACCO CONTROL FUND

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

7. Management Discussion and Analysis

Tobacco and nicotine products use has become a major concern in Kenya, affecting the youth, families, and the community at large. The use of tobacco, and other substances has contributed to rising cases of crime, school dropouts, unemployment, and health complications. A Presidential Task Force noted there was suboptimal awareness despite the increased prevalence of drug and substance use in the country. There was also the emergence of novel nicotine and tobacco products.

To address this, a countrywide public awareness campaign and sensitization of key stakeholders targeting the forty-seven Counties was conducted between November 2024 and February 2025.

Prevalence of tobacco and nicotine products Use:

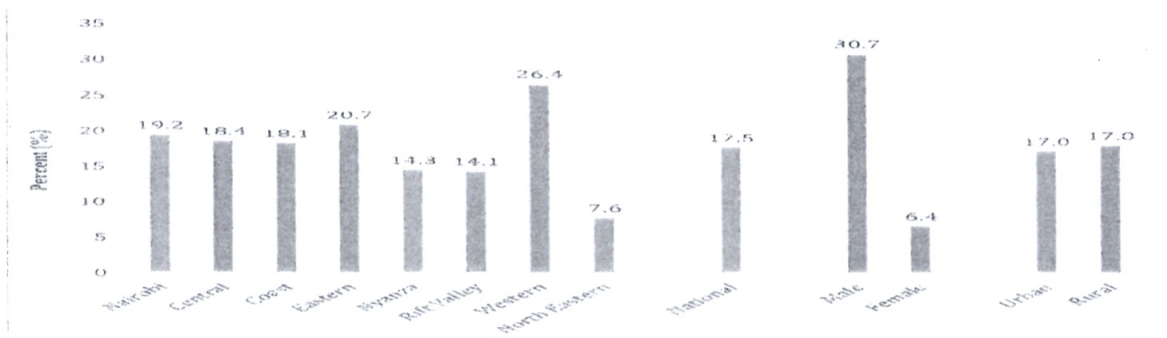
According to recent reports, a significant percentage of the population, especially youth aged 15-35, engage in Tobacco and nicotine products use.

- One in every 31 youths aged 15 – 24 years (230,130) were currently using tobacco;

In the 25 to 35 years' age bracket, the statistics were as follows

- One in every 17 youths aged 25 – 35 years (488,845) were currently using tobacco;

Below is the prevalence of past month use of at least one substance of abuse (from National Survey on prevalence of drug and substance abuse, 2022).



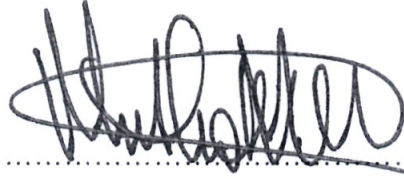
TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

Approval of the financial statements

The TCF financial statements were approved by the Fund on _____ 2025 and signed on its behalf by:



.....
DR ANDREW TORO
Head, Division of Drug and Substance Abuse
Control



.....
MARY MUTHONI MURIUKI, CBS
Accounting Officer

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

9. Statement of Secretariat's Responsibilities

Section 81 of the Public Finance Management Act, 2012 requires the Secretariat to prepare financial statements in respect of that TCF, which give a true and fair view of the state of affairs of the TCF at the end of the financial year/period and the operating results of the *TCF* for that year/period. The Directors are also required to ensure that the TCF keeps proper accounting records which disclose with reasonable accuracy the financial position of the *TCF*. The Directors are also responsible for safeguarding the assets of the *TCF*.

The Directors are responsible for the preparation and presentation of the *TCF's* financial statements, which give a true and fair view of the state of affairs of the *TCF* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (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 *TCF*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *TCF'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. The Directors are of the opinion that the fund's financial statements give a true and fair view of the state of *TCF's* transactions during the financial year ended June 30, 2025, and of the *TCF's* financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the *TCF*, which have been relied upon in the preparation of the *TCF's* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

i) Principal activities

The fund primary purpose is to support tobacco cessations, public awareness campaigns, research and other related activities to reduce tobacco use in Kenya.

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on pages 1 to 6.

iii) Auditors

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

By Order of the Fund



.....

**Head, Division of Drug and Substance Abuse
Control**

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

8. Environmental and Sustainability Reporting

i) *Sustainability strategy and profile*

The accounting officer should make a broad overview about global political and macroeconomic trends affecting sustainability priorities, e.g. climate change, make reference to international sustainability best practices frameworks e.g. Sustainable Development Goals (SDG) and the entity's sustainability priorities and policy framework. Discuss the entity's key achievements, failures and mitigation measures during the reporting period. Provide information on the entity's service delivery charter and procedures on contracts management e.g. proportion of contracts allocated to local suppliers/contractors/ special groups (Youth, Women) and PWD categories.

ii) *Environmental performance*

Outline clearly the environmental policy guiding the organization and provide evidence of implementation of the policy. Outline successes, shortcomings, and mitigation measures, efforts to manage biodiversity, effective waste management (reduce, reuse, recycle, disposal methods) and efforts to reduce the environmental impact of the organization's products (e.g. automation of systems-paperless offices, reduced use of plastic bottles, provision of bins for segregation of waste in the compound, packaging that is biodegradable, maintaining vehicles to reduce Co2 emissions). Discuss initiatives around climate change (e.g. climate smart technologies- drought resistant crop varieties, eco-toilets, eco jikos, green buildings- designed with automated lightings, open areas with natural lights, solar lighting and heating system)

iii) *Corporate Social Responsibility / Community Engagements*

The activities should be limited to the co-mandate of the entity. For example, Kenya Forest Services could report social investments arising from partnering with communities to propagate seedlings and then they buy back, agroforestry where the community is allowed to farm and take care of seedlings or an initiative supporting a community to use energy savings Jikos. Provide evidence of community engagement including charitable giving (cash and material), Corporate Social Investment (e.g. schools, dams, roads, boreholes, health facilities etc.) and other forms of community engagements (e.g. tree planting, free clinics, scholarships and bursaries awarded etc.). Or evidence of public participation, sensitization and civic education (e.g. in Law and by-laws formulation, budget-making processes, community consultation on proposed development projects in their areas) PUBLIC AWARENESS

REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON TOBACCO CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tobacco Control Fund set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tobacco Control Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tobacco Control Act No. 4 of 2007 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variance in Board Expenses

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects board expenses amount of Kshs.51,995,065 while supporting schedules reflects Kshs.37,227,865 resulting to unexplained variance of Kshs.14,767,200.

In the circumstances, the accuracy and completeness of board expenses amount of Kshs.51,995,065 could not be confirmed.

2. Unconfirmed Revenues

The statement of financial performance and as disclosed in Note 6 to the financial statements reflects transfers from other government entities amount of Kshs.623,250,000. The amount represents Appropriations-in-Aid (AIA) generated from solatium compensatory contributions levied on tobacco products, which are collected by the Kenya Revenue Authority (KRA), with an agreed agency fee of 2% of the total collections. However, Management did not provide a listing of licensed tobacco manufacturers and tobacco products subject to the levy for audit verification. In addition, the monthly or annual revenue collection reports, which KRA is required to submit under the Service Level Agreement (SLA), were not provided for audit.

In the circumstances, the accuracy and completeness of transfers from other government entities amount of Kshs.623,250,000 could not be confirmed.

3. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 9 to the financial statements reflects receivables from exchange transactions balance of Kshs.19,905,890 being amount advanced to the Building Resilient and Responsive Project-(BHRES). However, there was no justification, approval, agreement, or legal framework to support the transfer of funds from the Fund.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.19,905,890 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tobacco Control Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.831,000,000 and actual on comparable basis of Kshs.623,250,000 resulting to underfunding of Kshs.207,750,000 or 25% of the budget. Similarly, the Fund spent an amount of Kshs.603,496,550 out of the approved expenditure budget of Kshs.758,998,170 resulting in an under expenditure of Kshs.155,501,620 or 20% of the budget.

The underfunding and under-expenditure may have affected the Fund's key mandate of advising the Minister on the national policy to be adopted concerning the production, manufacture, sale, advertising, promotion, sponsorship and use of tobacco and tobacco products.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page v to xxvi which comprise of Key Entity Information and Management, The Fund Secretariate, Key Management Team, Accounting Officer's Statement, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting, Statement of Secretariate Responsibility. The Other Information does not include the financial statements and my audit report thereon.

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

Lack of Criteria to Measure Performance Targets

Review of the Tobacco Control Fund's performance indicated six (6) thematic areas, which included: policy development and implementation, public awareness and education, enforcement and compliance, research and surveillance, capacity building and partnership and collaboration. However, thematic areas lacked criteria for measuring progress and checking if the goals have been met.

In the circumstances, there is no clear roadmap for achieving the strategic objective.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unbalanced Budget

The statement of comparison of budget and actual amounts reflects total revenue budget of Kshs.831,000,000 and total expenditure budget of Kshs.758,998,170 resulting to an unbalanced budget of Kshs.72,001,830. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget should be balanced.

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

2. Lack of Inspection and Acceptance Committee Reports

Note 4 to the financial statements reflects use of goods and services amount of Kshs.468,401,485 out of which Kshs.44,168,969 relates to conference and delegation expenses. Review of sampled expenditure of Kshs.6,986,600 revealed that the inspection and acceptance committee was not involved in receiving the goods. This was contrary to Section 48(4)(a) and (b) of the Public Procurement and Asset Disposal Act, 2022 which states that the inspection and acceptance committee shall ensure that the correct quantity of the goods is received and that the goods, works or services meet the technical standards defined in the contract.

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

during the year under review, the Board issued twelve (12) advisories as listed in the below.

- i. Advisory on Establishment and Operationalization of Testing Framework for Tobacco Products
- ii. Advisory of Tobacco Cessation
- iii. Advisory on Legislative Requirements for Compliance by Importers and Manufacturers of Tobacco and Nicotine Products
- iv. Advisory on Amendment of the Tobacco Control Act, 2007 and consideration of Draft Tobacco Control Fund Regulations
- v. Advisory on Approval and Implementation of Guidelines for packaging and Labelling of Tobacco Products in Kenya
- vi. Advisory on Proposed partnership between the Ministry and British American Tobacco on Health Promotion Activities Targeting Long – distance and Public Transport Drivers
- vii. Tobacco Control Board Proposal on the Senate Amendment Bill, 2024.
- viii. Advisory on Tobacco Products Seized at Jomo Kenyatta International Airport
- ix. Advisory on 3rd Batch of Graphic Health Warnings for Tobacco and Tobacco Products.
- x. Advisory on the Administration of Tobacco Control Fund FY 2024-2025.
- xi. Advisory on Graphic Health Warnings for Tobacco and Tobacco Products.
- xii. Advisory on Novel Tobacco Products in Kenya.

However, there was no evidence to confirm that these advisories were adopted, acted upon, or implemented by the Cabinet Secretary.

In the circumstances, the effectiveness of overall governance could not be confirmed.

2. Failure to Review Tariffs

The statement of financial performance and Note 6 to the financial statements disclose transfers from other government entities amounting to Kshs.623,250,000. It was noted that the Fund has continued charging the 2% levy for the last ten (10) years without any review which may not reflect the current prevailing economic conditions, inflation trends, or changes in the Fund's operational needs.

In the circumstances, the effectiveness of internal controls on reviewing the levies could not be confirmed exposes the Fund to the risk of financial sustainability.

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

3. Non-Remittance of Public Procurement Capacity Building Levy

Note 4 to the financial statements reflects use of goods and services amount of Kshs.468,401,485 which includes conference and delegation expenses of Kshs.44,168,969 and fuel and oil amount of Kshs.7,400,000. Review of the procurement of goods and services under these expenditure items revealed that the Fund did not deduct and remit the Public Procurement Capacity Building Levy to the Public Procurement Regulatory Authority (PPRA), as required under the Public Procurement and Asset Disposal (Capacity Building Levy) Order, 2022. In addition, the Fund did not maintain monthly levy return forms which are mandatory for confirming levy computation and remittances to PPRA.

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

4. Partial Transfer of Funds to Tobacco Control Board

The statement of financial performance and Note 7 reflects grants and subsidies of Kshs.83,100,000. However, an analysis of the revenue records revealed receipts amounting to Kshs.1,141,259,131 comprising Kshs.541,222,250 collected during the year and Kshs.600,036,882 brought forward from the previous financial year. This implies that the Fund should have transferred Kshs.114,125,913 to the Board based on the 10% Tobacco Control Fund Operations Manual, 2020. This resulted to unremitted balance of Kshs.31,025,913.

In the circumstances, Underfunding the Tobacco Control Board may hinder planned tobacco control activities and reduce overall programme effectiveness.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Act on Advisory Reports

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects grants and subsidies amount of Kshs.83,100,000. It was noted that

Responsibilities of the Management and the Fund Secretariate

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give

an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

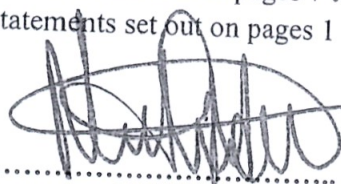
28 November, 2025

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

11. Statement of Financial Performance for the year ended 30th June 2025

	Notes	2024/2025 Kshs
Revenue from non-exchange transactions		
Transfers from other governments entities	6	623,250,000
		623,250,000
Revenue from exchange transactions		
Total revenue		623,250,000
Expenses		
Use of goods and services	7	475,367,446
Grants and subsidies	8	83,100,000
Depreciation	9	4,585,543
Total expenses		563,052,989
Surplus/ (deficit) before tax		
Surplus/(deficit) for the period/year		60,197,011

The notes set out on pages 7 to 25 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



**MARY MUTHONI
MURIUKI, CBS**

Accounting Officer



CPA Lucy Gikeri

Senior Accountant

ICPAK M/No:17135



ANDREW TORO

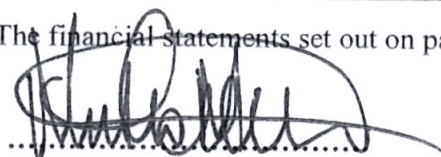
**Head, Division of Drug and
Substance Abuse Control**

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

12. Statement of Financial Position as at 30th June 2025

	Notes	2024/2025
		Kshs
Assets		
Current Assets		
Cash and Cash equivalents	9	44,235,684
Receivables from Exchange Transactions	11	19,905,890
Total Current Assets		64,141,574
Non-Current Assets		
Property, Plant and Equipment	12	10,956,837
Total Non- Current Assets		10,956,837
Total Assets (A)		75,098,411
Liabilities		
Current Liabilities		
Trade and Other Payables	13	14,901,400
Total Current Liabilities		14,901,400
Total Liabilities (B)		14,901,400
Net Assets (A-B)		<u>60,197,011</u>
Represented by:		
Accumulated Surplus		60,197,011
Net Assets		<u>60,197,011</u>

The financial statements set out on pages 1 to 6 were signed on behalf of the Tobacco Control Fund by:



MARY MUTHONI MURIUKI,
CBS
Accounting Officer



CPA Lucy Gikeri
Senior Accountant



ANDREW TORO
Head, Division of Drug and
Substance Abuse Control

ICPAK M/No:17135

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

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

Description	Retained earnings	Total
	Kshs	Kshs
As at July 1, 2024	-	-
Surplus/ deficit for the year	60,197,011	60,197,011
As at June 30, 2025	60,197,011	60,197,011

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

14. Statement of Cash Flows for the year ended 30th June 2025

	2024/2025	
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other government entities	6	623,250,000
Total receipts		623,250,000
Payments		
Use of goods and services	7	475,367,446
Grants and subsidies	8	83,100,000
Depreciation	9	4,585,543
Total payments		563,052,989
Net cash flows from/ (used in) operating activities	14	59,778,064
Cash flows from investing activities		
Purchase of PPE and Intangible assets	12	(15,542,380)
Net cash flows from/ (Used in) investing activities		(15,542,380)
Cash and cash equivalents at 1 July		-
Net increase/(decrease) in cash & Cash equivalents		44,235,684
Cash and cash equivalents at 30 June	10	<u>44,235,684</u>

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

15. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a +b)	d	e=(c-d)	f=d/c*100
Receipts						
Transfers from Other Governments entities	831,000,000	-	831,000,000	623,250,000	207,750,000	75%
Total Receipts	831,000,000	-	831,000,000	623,250,000	207,750,000	75%
Payments						
Use of Goods and Services	730,900,000	-	730,900,000	475,659,446	255,240,554	67%
Repairs and Maintenance	17,000,000	-	17,000,000		17,000,000	0%
Grants and Subsidies	83,100,000		83,100,000	83,100,000	-	100%
Total Expenditure Payments	831,000,000	-	831,000,000	558,759,446	272,240,554	67%
Surplus	-	-	-	64,490,554		

Explanation of Utilization Variances

- **Transfers from Other government entities-** Funds are disbursed quarterly and the operations started in the second quarter, hence the variance.
- **Use of goods and services-** This was occasioned by the delay in approval of the tobacco control Fund's annual work plan and procurement plans

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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the Statement of Budget	60,197,011
1	Changes in Trade Payables- Timing difference	14,901,400
2	Changes in Fixed Asset-Timing differences	(10,956,837)
3	Changes in Receivable- Timing differences	(19,905,890)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	44,235,684

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

16. Notes to the Financial Statements

1. General Information

TCF Entity is established by and derives its authority and accountability from Tobacco Control Act, 2012(2007). The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the TCF accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the TCF. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

TOBACCO CONTROL FUND**Annual Report and Financial Statements for the year ended June 30, 2025.****Notes to the Financial Statements (Continued)****3. Adoption of New and Revised Standards**

- i. New and amended standards and interpretations in issue effective in the year ended 30th June 2025.*

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. 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 Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

TOBACCO CONTROL FUND

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

	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii. Early adoption of standards

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

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and fines

The *TCF* recognizes revenues from taxes, levies, and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

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 *TCF* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *TCF*.

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

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 the Current FY was approved by the National Assembly on June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

Budget information (continued)

The TCF's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented in financial statements.

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the TCF operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable TCF and the same taxation authority

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) 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.

e) 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

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

g) Research and development costs

The TCF expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the TCF can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

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.

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

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

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.

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.

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.

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.

Financial liabilities

Classification

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

h) 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:

- i) Raw materials: purchase cost using the weighted average cost method.

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

q) Related parties

The TCF 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 TCF, or vice versa. Members of key management are regarded as related parties and comprise the Secretariate, the CEO and senior managers.

r) Service concession arrangements

The TCF analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the TCF recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the TCF also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s) 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.

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *TCF'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.

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

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

n) 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.

o) Employee benefits

Retirement benefit plans

The TCF 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.

Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

p) 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.

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

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.

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

- ii) 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 TCF.

Summary of Significant Accounting Policies (Continued)

i) Provisions

Provisions are recognized when the TCF 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 TCF 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.

j) 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.

k) 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.

l) 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

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

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

Useful lives and residual value

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

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

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 40. 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.

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

6. Transfers from Ministries, Departments and Agencies (MDAs)

State Department of Public Health and Professional Studies	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income. KShs	Amount recognised in capital fund. KShs	Total transfers 2024/2025
				KShs
State Department for Public Health and Professional Standards	623,250,000	-	-	623,250,000
	-	-	-	-
Total	623,250,000	-	-	<u>623,250,000</u>

7. Use of Goods and Services

Description	2024/2025
	Kshs
Domestic Travel	137,032,801
Printing	14,855,859
Conferences and Delegations	55,961,769
Fuel and Oil	7,400,000
Office Consumables	16,759,268
Other Operating Expenses	108,562,465
Purchase of Non-Pharmaceuticals	56,090,464
Purchase of Laboratory Reagents	9,039,713
Purchase of Drugs/Pharmaceuticals	11,342,520
Purchase of Medical Equipment	11,749,200
Bank Charges	670,187
Prefeasibility	45,903,200
TOTAL	<u>475,367,446</u>

8. Grants and Subsidies

Description	2024/2025
	Kshs
Tobacco Control Board	83,100,000
Total Grants and Subsidies	<u>83,100,000</u>

TOBACCO CONTROL FUND**Annual Report and Financial Statements for the year ended June 30, 2025.****Notes to the Financial Statements (Continued)****9. Depreciation Expense**

Description	2024/2025
	Kshs
Depreciation Expense	4,585,543
Total	<u>4,585,543</u>

10. Cash and Cash Equivalents

Description	2024/2025
	Kshs
Current Account	44,235,684
Total Cash and Cash Equivalents	<u>44,235,684</u>

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	Insert Current FY
		Kshs
a) Current Account		
Cooperative Bank of Kenya		44,235,684
Grand Total		<u>44,235,684</u>

11. Receivables from Exchange Transactions**(a) Receivables from Exchange Transactions (Current)**

Description	2024/2025
	Kshs
Receivables	
Other Debtors (BHRES)	19,905,890
Total Current Receivables	<u>19,905,890</u>

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

(b) Ageing analysis for Receivables from exchange transactions

Description	2024/2025	
	Kshs	
	2024/2025	% of the total
Less than 1 year	19,905,890	100%
Between 1- 2 years	-	%
Between 2-3 years	-	%
Over 3 years	-	%
Total (a+b)	<u>19,905,890</u>	100%

12. Property, Plant and Equipment

Cost	Furniture and fittings	Computers	Other Assets (Medical Equipment)	Total
	Kshs	Kshs	Kshs	Kshs
Depreciation Rate	12.5%	33%	33%	
Cost				
As At 1 July 2024	-	-	-	-
Additions	2,857,200	8,261,180	4,424,000	15,542,380
Disposals	-	-	-	-
Transfer/Adjustments	-	-	-	-
Revaluation adjustments	-	-	-	-
As at 30th June 2025	2,857,200	8,261,180	4,424,000	15,542,380
Depreciation And Impairment				
Depreciation				
At 1 July 2024	-	-	-	-
Current year depreciation	357,150	2,753,727	1,474,667	4,587,543
Impairment	-	-	-	-
Transfers/ Adjustments	-	-	-	-
As At 30th June 2025	<u>357,150</u>	<u>2,753,727</u>	<u>1,474,667</u>	<u>4,587,543</u>
Net Book Values				
As at 30th June 2024	-	-	-	-
As at 30th June 2025	<u>2,500,050</u>	<u>5,507,453</u>	<u>2,949,333</u>	<u>10,956,837</u>

TOBACCO CONTROL FUND**Annual Report and Financial Statements for the year ended June 30, 2025.****Notes to the Financial Statements (Continued)****Valuation**

Land and buildings/ Equipment were valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were revalued by professional valuers. These amounts were adopted by the Board with concurrence from the National Treasury.

13. Trade and Other Payables

Description	2024/2025	
	Kshs	
Trade payables	14,901,400	
Total trade and other payables	14,901,400	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total
Under one year	14,901,400	100%
1-2 years	-	%
2-3 years	-	%
Over 3 years	-	%
Total (tie to above total)	14,901,400	

14. Cash Generated from Operations

Description	2024/2025	
	Kshs	
Surplus for the year before tax	60,197,011	
Adjusted for:		
Depreciation	4,585,543	
Non-cash grants received	-	
Contributed assets	-	
Impairment	-	
Gains and losses on disposal of assets	-	
Contribution to provisions	-	
Contribution to impairment allowance	-	
Working capital adjustments		
Increase in inventory	-	
Increase in receivables	(19,905,890)	
Increase in deferred income	-	
Increase in payables	14,901,400	
Increase in payments received in advance	-	
Net cash flow from operating activities	59,778,064	

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

15. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the TCF 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 Ministry of Health (State Department of Public Health and Professional Standards)

The State Department of Public Health and Professional Standards is the principal shareholder of the TCF, holding 100% of the TCF's equity interest. It has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) SAGAs- Tobacco Control Board
- iv) NACADA

16. Program for Results (P for R) Disclosure

Name of P for R:		Name of Financing Partners:				
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code	N/A	N/A				
Sub-program						
Sub-program						
Sub-total						
Program code						
Sub-program						
Sub-program						
Sub-total						
Total	-	-	-	-	-	-

17. Events after the Reporting Period

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

TOBACCO CONTROL FUND

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

Notes to the Financial Statements (Continued)

18. Ultimate and Holding Entity

The TCF is a fund under the Ministry of Health, State Department for Public Health and Professional Standards.

19. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

17. Appendices

Appendix I: Implementation Status of Auditor-General's Recommendations

There were no pending audit issues, as this is the first-time reporting entity

Appendix II: Projects implemented by TCF

Projects implemented by the TCF Funded by the Ministry of Health (State Department for Public Health and Professional Standards).

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
-	-	-	-	-	-	-

No projects were implemented during the year

Status of Project Completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
-	-	-	-	-	-	-	-

No projects were implemented during the year

TOBACCO CONTROL FUND

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Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent /Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department for Public Health and Professional Standards		Recurrent	623,250,000	Statement of Financial Performance					623,250,000
Total	03/09/2024		623,250,000						623,250,000

Appendix IV: Inter-Entity Confirmation Letter


Name of Transferring entity- State Department for Public Health and Professional Standards

Name of Beneficiary entity--Tobacco Control Fund

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT2424786D9N	3/09/2024	207,750,000			
FT25049750R4	18/02/2025	207,750,000			
FT25181C7CNX	30/06/2025	207,750,000			
Total					

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

Head of Accounts Department - Disbursing Entity:

Name ZIPPORAH CHESTIBI Sign 

Date 26/6/2025

TOBACCO CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

Head of Accounts Department - Beneficiary Entity:

Name Lucy Gikera Sign [Signature]

Date..... 26/11/2025

Appendix V: Reporting of Climate-Relevant Expenditures

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

No Climate Expenditures were incurred during the year

Appendix VI: 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 (Ksh s.)	Comments
N/A						

No disaster Management expenditure was incurred during the year