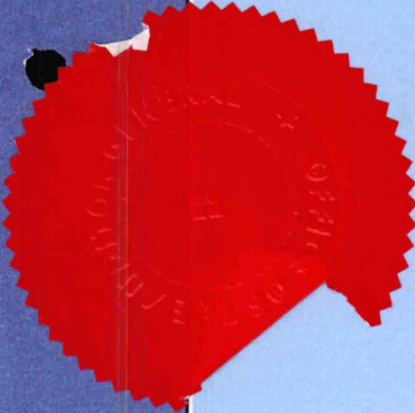
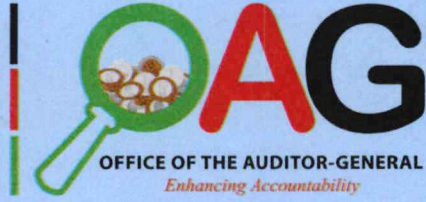


REPUBLIC OF KENYA



REPORT



OF

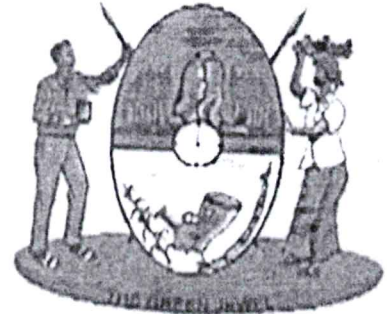
THE AUDITOR-GENERAL

ON

**KAKAMEGA COUNTY ALCOHOLIC
DRINKS CONTROL FUND**

**FOR THE YEAR ENDED
30 JUNE, 2025**

PAPERS LAIN	
DATE	02/12/25
TABLED BY	S.M-L
COMMITTEE	-
CLERK	Cherop -



KAKAMEGA COUNTY ALCOHOLIC DRINKS CONTROL FUND

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

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

2008 YEAR 8

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Table of Contents

1. Acronyms and Definition of Key Terms.....	i
2. Key Entity Information and Management	ii
3. Board of Trustees/ Fund Administration Committee.....	vi
4. Management Team.....	viii
5. Board/Fund Chairperson’s Report.....	x
6. Report of The Fund Administrator	xii
7. Statement of Performance Against the County Fund’s Predetermined Objectives	xiv
8. Corporate Governance Statement.....	xv
9. Corporate Governance Statement.....	xviii
10. Management Discussion and Analysis	xx
11. Environmental and Sustainability Reporting	xxiii
12. Report of The Trustees	xxvii
13. Statement of Management’s Responsibilities.....	xxviii
14. Report of The Auditor General on the Financial Statements for Kakamega County Alcoholic Drinks Control Fund.....	xxix
15. Statement of Financial Performance for the Year Ended 30 th June 2025.....	1
16. Statement of Financial Position As at 30 June 2025	2
17. Statement of Changes in Net Assets for the year ended 30 th June 2025	4
18. Statement of Cash Flows for The Year Ended 30 June 2025.....	5
19. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025	6
20. Notes to the Financial Statements.....	8
21. Annexes	42

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

1. Acronyms and Definition of Key Terms

A. Acronyms

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

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.

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information and Management

a) Background information

Kakamega County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from Kakamega County Alcoholic Drinks Control Act 2014. The Fund is wholly owned by the County Government of Kakamega under the Ministry of Public Service and Administration and is domiciled in Kenya.

The fund's objective is to provide for licensing of alcoholic drinks by the County Government of Kakamega

b) Principal Activities

The Fund's principal activity is to enable the operations of the sub-county committees in regulating alcohol production, distribution, sale and consumption within Kakamega County.

The principal mandate of the Fund is to facilitate regulation in terms of production, distribution, sale and consumption of alcohol; campaign against alcohol abuse and provide interventions for minimizing the harm and mitigating the impact of alcohol on individual consumers, their families and the community of Kakamega County

c) Board of Trustees/Fund Administration Committee

SN	Name	Position
1	Mr. Benjamin Andama	Chairperson
2	Cpa Livingston Imbayi	Member
3	CHRP Prisca Otipa	Fund Administrator
4	Mr. Benson Ochomo	Member
5	Mr. Godfrey Owour	Member

d) Key Management team

SN	Name	Position
1	CHRP Prisca Otipa	Fund Administrator
2	Dr. June Mwajuma	Chief Officer Finance
3	CPA Zadock Lumidi	Director
4	CPA Victor Kasyamani	Fund Accountant
5	Mr. George Mukwabi	Procurement Officer

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

No	Entity	Role
1	Audit Committee and Finance committee activities	Provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations
2	Senate Committee Activities	Legislation, Oversight and Representation
3	County Assembly	Legislation, Oversight and Representation
4	Development partner oversight activities	Predominant roles played by development partners have been shown to include capacity building, project planning, lobbying and advocacy, others (including resource mobilization) and financing respectively
5	Controller of Budget	This role involves overseeing the implementation of the budgets of both national and county governments. The Controller of Budget in this role therefore monitors the use of public funds in-year and reports to Parliament

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

		on how the funds have been utilised.
6	Office of the Auditor General	The Auditor-General (AG) is mandated to audit and report on the use and management of public resources by public entities. Article 229(6) of the Constitution requires the Auditor-General to confirm whether public money has been applied lawfully and in an effective way

f) Registered Offices

P.O. Box 36 -50100
 Sahajanand Building 1st Floor
 Mumias Road.
 Kakamega, Kenya

g) Fund Contacts

E-mail: doadc@kakamega.go.ke
 Website: www.kakamega.go.ke

h) Fund Bankers

1. Family Bank Kakamega Branch
2. National Bank Kakamega Branch
3. KCB Bank Kakamega Branch

E-mail: doadc@kakamega.go.ke
 Website: www.kakamega.go.ke

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity and Management (Continued)

a) Independent Auditors

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

b) Principal Legal Adviser




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

c) County Attorney

Kenyatta Avenue
P.O. Box 36
Kakamega, KENYA

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
 <p>Mr. Benjamin Andama</p>	<p>He is the Chairperson of the Fund. He has the following credentials. MA In Project Design and Implementation University of Nairobi Bachelor of Commerce Catholic University Higher Diploma in Entrepreneur Eldoret National Polytechnic He is currently serving as the CECM Public service and Administration.</p>
 <p>CHRP Prisca Otipa</p>	<p>She is currently serving as Chief Officer Public Service in Kakamega County Masters HRM from the Open University of Tanzania (OUT) and CHRP-K member. Bachelor of Business Administration (BBA) Human Resource option from Kenya Methodist University, Diploma in Human Resource from The University of Nairobi (UON), She is the founder and Chief Executive Officer at Pridor and Company associates She has over 20years experience in leadership and management in various industries.</p>
 <p>CS Vivianne M Komwonyo</p>	<p>County Attorney Doctor of philosophy in Law (PhD candidate) University of Nairobi, Masters of Law, and Post graduate Diploma in Law, and Bachelor Degree in Law. Certified secretary (CPS,K) Member of the chartered institute of certified arbitrators. An advocate of the high court of Kenya and a member of the law society of Kenya with over 14 years' experience in legal practice in both private and public spheres with a bias in public law and corporate governance.</p>

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025






CPA Zadock Lumidi

Certified Public Secretary, Certified Public Accountant, B
Comm (Accounting) Kenyatta university
MBA(Executive) Moi University.
20 Years experience in public and private sector

Experience in Administration, Finance, operations and
Marketing.

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. Management Team

Name	Details of qualifications and experience
 <p>1. Dr. June Jeophita Mwajuma</p>	<p>Ph.D in Environmental Microbiology, Masters of science degree in Microbiology and a Bachelor of Science degree (Botany/zoology) from Kenyatta University. She has undertaken strategic leadership Development Programme, senior Management Course and an IFMIS training for AIE Holders at the Kenya School of Government.</p> <p>Dr. Mwajuma has a depth of 12 years as a senior lecturer as well as senior management roles in various positions. She has previously served as the Chief Officer department of Environment, waste management and energy among other positions.</p> <p>She is serving as the Chief Officer Department of Finance and Budget in the County government of Kakamega from November 2022 to date</p>
 <p>2. CPA Zadock Lumidi</p>	<p>Certified Public Secretary, Certified Public Accountant, B Comm (Accounting) Kenyatta university MBA(Executive) Moi University.</p> <p>20 Years experience in public and private sector</p> <p>Experience in Administration, Finance, operations and Marketing.</p>
 <p>3. CPA Victor Kasyamani</p>	<p>Victor holds MSc Commerce Finance and Accounting as well as Bcom Accounting from KCA University and Mount Kenya University respectively</p> <p>He is a member of ICPAK in good standing with CPAK qualifications.</p> <p>Victor has served in public for 17 years.</p>

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025



4. Moses Otaru Oduor

Diploma in purchasing and Supplies Management

Kakamega County Alcoholic Drinks Control Fund

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

5. Board/Fund Chairperson's Report

Foreword by the Chairperson

It is my privilege to present this year's report on behalf of the Board of the Fund, reflecting on the progress, challenges, and achievements of the Kakamega County Alcoholic Drinks Control Fund during the year ended 30th June 2025.

Changes in Leadership and Governance

This year marked a period of transition and renewal within the Fund's leadership. We welcomed Mr. Godfrey Owour and Cpa Zadock Lumiti to the Board and key management team respectively, whose expertise has already begun to shape our strategic direction. At the same time, we bid farewell to Ms Rachael Atamba, whose dedication and contributions were instrumental to the Fund's development. These changes are part of our commitment to strengthening governance, enhancing diversity, and ensuring the Fund remains adaptive and forward-looking.

Fund Performance Review

Over the reporting period, the Fund continued to deliver on its mandate to

- 1) Regulation of production, distribution, promotion and consumption of alcoholic drinks within the County;
- 2) Undertake /Coordinate public awareness and education activities on adverse effects of alcohol and drug abuse;
- 3) Develop programmes for treatment and rehabilitation of Persons With Substance Use Disorders;

Despite a complex external environment marked by e.g., economic fluctuations, regulatory changes, etc., the Fund maintained financial stability and achieved a revenue resource aptitude of Ksh. 20,259,501 after distributing invoices amounting to Ksh.24,782,000 as well as increased awareness and stake holder engagement.

We undertook significant programmatic evaluations and introduced improved monitoring frameworks to ensure that all funded initiatives align with our strategic objectives and deliver measurable impact.

Future Outlook

Looking ahead, the Fund is poised to enter a phase of strategic expansion and innovation. Our priorities for the upcoming year include:

- Strengthening partnerships with public and private stakeholders;
- Exploring alternative financing mechanisms to broaden the Fund's resource base;
- Enhancing transparency and reporting to increase public trust and accountability;
- Continuing to align with national development plans and sustainability goals.

We are committed to deepening the Fund's impact and ensuring that it continues to serve as a vital instrument in advancing [insert relevant national or sectoral goals].

Other Considerations

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

We are also mindful of the evolving regulatory environment and are proactively adapting our governance and risk management frameworks to remain compliant and resilient. In line with our values, we remain committed to upholding the highest standards of integrity, inclusivity, and service to the public.

Conclusion

In closing, I extend my sincere gratitude to all stakeholders, partners, and beneficiaries of the Fund. I also acknowledge the dedicated efforts of the Board, management team, and staff, whose collective commitment continues to drive the Fund's mission forward. With continued collaboration and innovation, we are confident in the Fund's ability to deliver greater value to the communities and sectors we serve.

Name Ms Prisca Otipa Signature..........Date: 13/11/2025

Chairperson of the Board/Fund

Kakamega County Alcoholic Drinks Control Fund

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

6. Report of The Fund Administrator

It is with great appreciation that I present this report on the performance and progress of the County Public Fund/Board/Scheme for the current financial year, as well as the cumulative performance since the Fund's establishment. This report provides a detailed analysis of budget execution, program implementation, physical and financial achievements, and outlines key risks and future projections.

Outcomes and Impacts

- **Increased School Retention Rate:** Secondary school dropout reduced by 18% in the last 3 years.
- **Improved Access to Healthcare:** Over 150,000 residents served by mobile clinics.
- **Job Creation:** Over 1,200 direct and indirect jobs created through infrastructure projects.
- **Increased Household Incomes:** Beneficiaries of economic empowerment report a 25% average increase in household income.

3. Commentary on Programs Implemented

- **Reduced risk on alcohol abuse as well as drug abuse**
- **Health Interventions:** Mobile clinics have significantly bridged the gap in rural healthcare access.
- **Economic Empowerment:** While performance was slightly below target, this program continues to yield strong social returns.

Value-for-Money Achievements

The Fund has consistently upheld **value-for-money principles** through:

- Competitive procurement and regular audits
- Community participation in project selection and monitoring
- Monitoring & Evaluation (M&E) framework for cost-effectiveness analysis
- Timely project implementation reducing cost overruns

5. Implementation Challenges & Future Outlook

Challenges:

- **Delayed disbursement of funds** from the County Treasury
- **Capacity gaps** among implementing partners
- **Inflation and cost fluctuations** affecting project budgets
- **Community sensitization** issues slowing uptake in some programs

Future Outlook:

For the upcoming financial year (2025/2026), the Fund will be allocated **more resources for some** Planned program which include:

- Construction of rehabilitation centers at least in every region in expansive County.

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

- Equipping the same with necessary rehabilitation equipments.

These programs are aligned with the Fund's 5-Year Strategic Plan (2022–2027) to promote inclusive development, social equity, and sustainability.

6. Risk Management Strategies

To safeguard the Fund’s operations and reputation, the following risk management strategies are being implemented:

- **Risk-Based Internal Audit** practices
- **Compliance monitoring** with county financial regulations
- **Stakeholder engagement forums** to ensure transparency
- **Project appraisal tools** to assess feasibility and risk before funding
- **Digital record systems** to prevent data loss and fraud

In conclusion, the Fund has made substantial progress towards achieving its mandate. With increased resource allocation and stronger governance, the future of the Fund remains promising

Name Ms Prisca Otipa Signature..........Date: 13/11/2025

Fund Administrator

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

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

Program	Predetermined objectives	Outcome	Indicator	Performance
Regulation of production, distribution, sale and consumption of alcoholic drinks in the county.	Facilitate activities of sub county Regulation committees	All alcoholic drinks traders licensed to operate stores.	Number of licences issued	Total 1164 Licensed 787 Compliance- 68%
Public awareness and education	Coordinate public awareness on adverse effects of alcohol and drug abuse.	-Demand reduction	-No of people reached out to.	Objective met. Reached out to 5000 people in 30 outings. But more activities needed including baseline survey to guide the process in future.
Prevention initiative at the work place	Coordinate employee assistance program	Increased awareness Less staff indulgence in ADA	No of staff reported and supported	A total of 19 staff benefitted.
County Treatment and rehabilitation services	Construct and operationalize treatment and rehabilitation facilities in the 3 county regions	Facilities supporting the community	No of persons with substance use disorders who are treated and supported.	Objective not met. Facility not operational due to Court issues and encroachment on the land.

Kakamega County Alcoholic Drinks Control Fund

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

8. Corporate Governance Statement

Corporate governance refers to the established system of rules, practices and processes under which the Alcoholic Drinks Control Fund is administered. The purpose of the said system of rules and practices is to facilitate effective entrepreneurial and prudent management that can deliver the long-term success of the Fund as an enterprise under the Directorate.

Core functions of the Directorate

The activities of the Directorate are based on the County Alcoholic Drinks Control Act 2014, the Integrated Development Plan, the approved budget, annual work plans, and the performance contract signed by the CEC Member Public Service & Administration with H.E Governor and which are cascaded to the Directors and Chief Officers.

Core functions of the Directorate include:

- Control of production, distribution, promotion and consumption of alcoholic drinks within the County;
- Undertake /Coordinate public awareness and education activities on adverse effects of alcohol and drug abuse;
- Develop programmes for treatment and rehabilitation of Persons with Substance Use Disorders.

Establishment of the fund

Section 5 of the (National) Alcoholic Drinks Control Act 2010 and Section 6 (5) of the Kakamega Alcoholic Drinks Control Act 2014 establishes the Alcoholic Drinks Control Fund. Section 7(1) states that the Fund shall be administered by the Directorate in conjunction with the CEC Member for Finance and CEC Member for Public Service and Administration.

The purpose of the fund

The purpose of the fund is to meet the development and recurrent expenditures of the Directorate relating to the functions as established under the County Act, which also includes facilitating the activities of the sub county committees. Section 6 (5) of the alcoholic drinks control Act 2014 states that; "The receipts, earnings or accruals of the Fund and its balances shall not be paid into the County Revenue Fund (CRF), but shall be retained for the purpose of the Fund".

Section 116 (4) of the Public Finance Act 2012, stipulates that the administrator of a County Public Fund shall ensure that money held in the fund, including any earnings or accruals is spent only for the purpose for which the fund is established.

Statutory requirements

The agency also recognizes all other statutory requirements for instance the Public Finance Management Act, Alcoholic Drinks Control Act 2010 (National) and NACADA, besides the Constitution of Kenya 2010. The Director reports to the Chief Officer for County Administration in the Department of Public Service and Administration.

Kakamega County Alcoholic Drinks Control Fund

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

The Fund operations account was opened in June 2024. The Alcoholic Drinks Control Act does not provide for the Board of Trustees. Appointment of trustees and development of a trustee charter was still a matter under consideration at the close of the year.

Overview of general administrative practice

Overall, the Directorate functions with 12 sub county committees. The Directorate's role is to facilitate the work of the 12 Sub County Committees, to undertake the whole process of licensing based on the Act. This includes receiving of new applications, carrying out public participation activities, inspection of the outlets and vetting of the applicants based on the inspection reports. The inspection reports are presented by the Sub County Public Health Officers, The Sub County Police Commanders and the Community representatives, who are all members to the respective Sub County Committees.

All cases of traders who may not be satisfied with the outcome of the vetting process at the Sub County Committee are channeled to the Director for review. The appeal cases are handled by the County Alcoholic Drinks Administrative Review Committee. The Directorate also has mandate to advice the Governor through the CEC Member on law enforcement matters relating to use of alcohol and illicit drugs within the County. Matters of law enforcement are handled under the County Alcoholic Drinks Control Enforcement Coordinating Committee. The two committees at the County level are both chaired by the Chief Officer –County Administration. The Director is the Secretary to the two committees. The Sub County Committees are chaired by the respective Sub County Administrator. One Ward Administrator is designated to be the Secretary.

All the Committees bring together both the County & National Government officials so that the whole matter of control of alcohol and illicit drugs within the County remains an effective collaboration between major stakeholders in the government and the community. Copies of minutes for all sittings by the Sub County Committees are filled at the Directorate with original copies at the sub county headquarters.

Kakamega County Alcoholic Drinks Control Fund Annual Report and Financial Statements for the year ended June 30, 2025

9. Corporate Governance Statement

Roles and functions of the Fund Administration Committee

- a) Prepare accounts for the Fund for each financial year;
- b) not later than two months after the end of each financial year submit financial statements relating to those accounts to the Auditor-General which shall include
 - (i) the date and amount of each payment made from the Fund;
 - (ii) the person to whom the payment was made;
 - (iii) the purpose for which the payment was made;
 - (iv) whether the person to whom the payment was made has spent the money for that purpose and a statement made to that effect; and

Existence of a Committee charter,

Committee charter is yet to be prepared but currently relying on county charter

Process of appointment and removal of Committee members,

The Advisory Committee shall meet quarterly in a meeting convened by the chairperson or whenever an event requiring emergency payment arises.

The number of Committee meetings held and the attendance to those meetings by members,

The committee had one quarterly in a meeting concerned by the chairperson

Succession plan,

During the year under review the administration members remained as appointed as there was no Natural attrition or termination of contract. In case an occurrence of Natural attrition or termination of contract, necessary procedures to replace and appoint are in place to ensure continuity

Induction and training,

Training and induction programme is conducted once in a year

Committee member performance,

The fund has two committee Advisory and management, the committee perform duties as prescribed in terms of reference

Conflict of interest,

Committee Members always declare interest in matter procurement and recruitment

Committee members remuneration,

Members of the Advisory Committee may be paid such allowances as may be determined by the Executive Committee in line with existing guidelines of the Salaries and Remuneration Commission

Ethics and conduct as well as governance audit.

The Fund adhere to policy and mechanism designed to prevent and detect fraud and corruption including whistle blower protection as well as establishment of office of administrative justice (OMBUDSMAN) The Fund administration committee also has ensured conformity to agreed ethical benchmark and comply with legal

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

and regulatory requirement as well as demonstrating commitment to ethics and accountability with regard to safeguard their reputation and build trust with stakeholders
The Fund administration also through governance audit identify potential weakness in ethical conduct and internal control thus reducing the risk of legal sanction and financial misreporting.

Kakamega County Alcoholic Drinks Control Fund

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

10. Management Discussion and Analysis

The County alcoholic drinks control function is established in the Kenya Constitution 2010, (4th Schedule), which devolves control of alcohol, illicit drugs and pornography to County Governments. The County Government enacted the Kakamega Alcoholic Drinks Control Act in the year 2014. The said Act establishes the Directorate of Alcoholic Drinks Control under Department of Public Service and Administration.

Core functions of the Directorate include:

- 1) Regulation of production, distribution, promotion and consumption of alcoholic drinks within the County;
- 2) Undertake /Coordinate public awareness and education activities on adverse effects of alcohol and drug abuse;
- 3) Develop programmes for treatment and rehabilitation of Persons with Substance Use Disorders;

Kakamega County Alcoholic Drinks Control Fund was established in the year 2014. It is domiciled at the Directorate of Alcoholic Drinks Control under the Department of Public Service and Administration.

Section 5 of the (National) Alcoholic Drinks Control Act 2010 and Section 6 (5) of the Kakamega Alcoholic Drinks Control Act 2014 establishes the Alcoholic Drinks Control Fund. Section 7(1) states that the Fund shall be administered by the Directorate in conjunction with the CEC Member for Finance and CEC Member for Public Service and Administration.

Total revenue received from liquor licenses as at 30th June, 2024 was Kshs. 22,885,676. As at 30th June 2024 comprised the cash and cash equivalent amounting to Kshs. 20,948,087. The fund is viewed as a going concern and it's expected to perform better in the financial year 2024/2025. The Fund is compliant with statutory requirements including the PFM Act that requires funds to develop mechanisms to utilize monies collected on activities and programs relevant to the fund.

The purpose of the fund

To meet the development and recurrent expenditures of the Directorate relating to the functions as established under the County Act, which also includes facilitating the activities of the sub county committees. Section 6 (5) of the alcoholic drinks control Act 2014 states that; 'The receipts, earnings or accruals of the Fund and its balances shall not be paid into the County Revenue Fund (CRF), but shall be retained for the purpose of the Fund''.

Section 116 (4) of the Public Finance Act 2012, stipulates that the administrator of a County Public Fund shall ensure that money held in the fund, including any earnings or accruals is spent only for the purpose for which the fund is established.

Kakamega County Alcoholic Drinks Control Fund

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

Current status of the Fund

The Directorate in conjunction with the Departments of Public Service and Administration and Finance undertook the opening of the Fund operations account at the Family Bank Kakamega branch.

In the previous years, all the money received from applications and licensing was swiped to Kakamega County Revenue Fund Account at Central Bank. This was a cause of audit queries over the years.

Collections account

The Directorate operates a collections account at the Kenya Commercial Bank, Kakamega Branch. The account at the National Bank will be closed at the end of the year.

Sustainability

The County Alcoholic Drinks Control Fund generates its own revenue from the applications and issues of alcoholic drinks licenses. It is notable that the collections have been increasing over the years. For instance, amounts collected since 2017 is as follows:

No	Financial Year	Amount Ksh.
1	2017 to 2018	12,705,801
2	2018 to 2019	18,670,243
3	2019 to 2020	15,556,710
4	2020 to 2021	17,554,830
5	2021 to 2022	18,598,911
6	2022 to 2023	17,800,000
7	2023 to 2024	22,885,676
8	2024/2025	24,782,000
	TOTAL	148,554,171

Kakamega County Alcoholic Drinks Control Fund

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

Viable projects under the Directorate

These include County treatment and rehabilitation facilities which can now be constructed using the fund's proceeds. The said facilities have already been initiated in the Central and Northern regions but had stagnated mainly because of inadequate budget and cash flow problems, under Public Service and Administration.

Alcohol and drug abuse

Alcohol and drug abuse are a threat to this County's development. It affects the County's economic productivity as victims of drug use disorders abandon income generating activities. The young people are the most vulnerable. The County Government service delivery is also affected whenever county staff fall victim. In March this year for instance we destroyed 486 bottles and cans of expired beer which was seized from unscrupulous traders who were selling the same to innocent citizens and exposing them to dangers of unknown proportions. There is also high proliferation of illicit and contraband liquor, smuggled from Uganda. The latest survey by NACADA indicates Western Kenya is now leading in the country in use of alcohol-23.8% against the national average of 11.8%. It is expected that operationalization of the Alcoholic Drinks Control Fund will now ensure that all the essential service delivery activities under the Directorate, including public education, community-based prevention programs, treatment and rehabilitation services, law enforcement and surveillance are not delayed or stagnated.

Kakamega County Alcoholic Drinks Control Fund Annual Report and Financial Statements for the year ended June 30, 2025

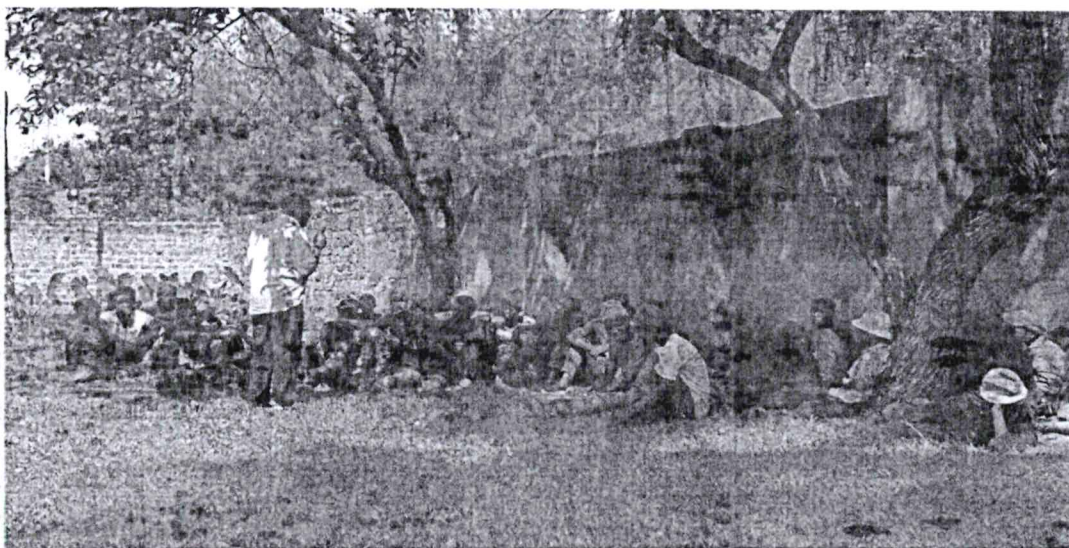
11. Environmental and Sustainability Reporting

This is the way through which the Directorate of Alcoholic Drinks relates itself with the communities within the County for purposes of achieving a balance of economic, environmental and social imperatives.

The proposed rehabilitation services for street children

Street children face many challenges, including, access to basic needs such as shelter, food, and clothing, besides enduring numerous psychological and social problems. This makes them vulnerable to drug abuse, violence and criminal activities. This program is already in progress and will be carried out in partnership with community-based stakeholders. Our approach is based on the National Protocol for treatment of substance use disorders in Kenya, which outlines the psychosocial interventions, pharmacological treatment, and the aftercare support, while also putting into consideration the circumstances, the social, cultural and economic realities.

Undertaking rehabilitation of street children will therefore not only be a sustainable protective measure and strategy to prevent them from getting ruined by street life and drug use, but also to reintegrate them back to normal community life.



The process of rehabilitation of street boys began with bringing them together and sensitizing them about the need to change.

Kakamega County Alcoholic Drinks Control Fund Annual Report and Financial Statements for the year ended June 30, 2025



We provided meals once a week for the street children as part of harm mitigation activities and preparation for rehabilitation and reintegration.

Behavior change communication and development programme

The Directorate initiated and is the coordinator for the programme which has continued to benefit 10 Self Help Groups and 3 Community Based Organizations in Butere, Lugari and Lurambi sub counties.

The purpose of the community-based initiatives is to build a sustainable behaviour change process that will yield supply suppression and demand reduction for alcohol and other psychotropic substances especially, use of alcohol, bang and tobacco. This was facilitated through our public awareness and education program.



Above:

One of the communities based public awareness activities. The purpose was to achieve behaviour change communication against alcohol and drug abuse.

Kakamega County Alcoholic Drinks Control Fund

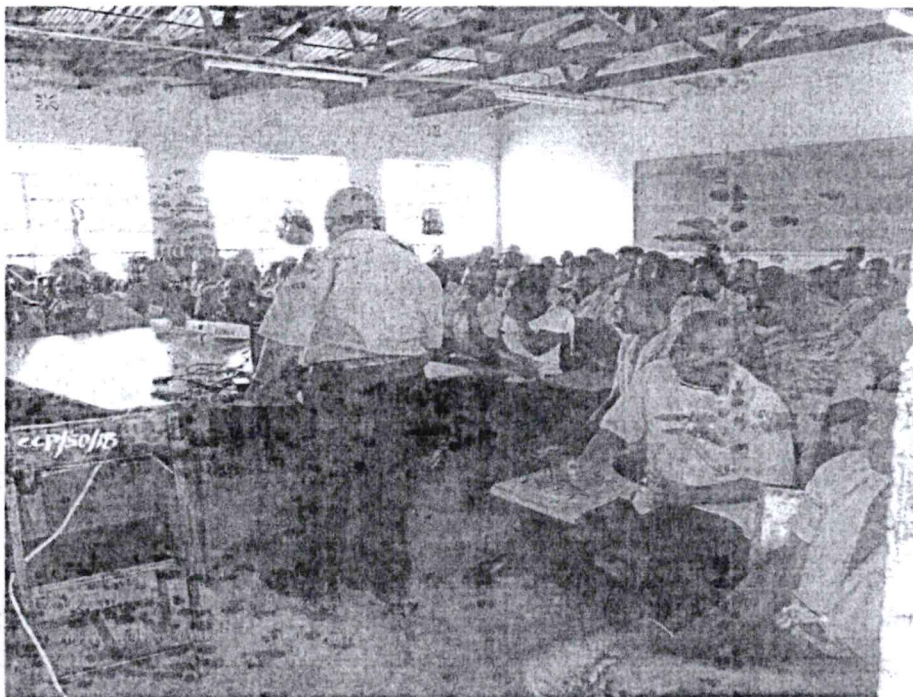
Annual Report and Financial Statements for the year ended June 30, 2025

The Savings and Credit Cooperative SACCO which was registered in May 2021 is still in existence. The SACCO received County Government support of 0.5M during the Financial year 2021/2022. It is our hope that in 2024/2025 the SACCO will benefit from other County Government programs. The purpose is to encourage the members to change their attitude regarding chan'gaa business in preference for other income generating activities.

Institutional Based Programme

This is the program targeting the young people in County Polytechnics and Schools within Kakamega County. The objective is to reach out to as many young people as possible and sensitize them on prevention of alcohol and drug abuse. Our goal is to achieve delay in early initiation of children and young people into use of alcohol and psychotropic drugs

During the last financial year, the programme was adversely affected by lack of a vehicle to facilitate staff transportation. However, we managed to reach out to 5000 young people in 14 county polytechnics, three secondary schools.



Above: Outreach session in one of the County Polytechnics

Employee Assistance Program (EAP)

The purpose of EAP is to support the employees' wellbeing in the work place and in their personal lives and help them manage a variety of potential challenges that usually affect job performance. The challenges include a wide range of health, mental and social issues which include substance use disorders. The program is coordinated by the Directorate of Alcoholic

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Drinks Control in liaison with the Directorate of Human Resource Management and based on the County Policy on Prevention and Management of Alcohol and Drug Abuse at the Workplace.

Achievements during the year 2023/2024

- a) Members of all Departmental workplace ADA prevention committees (champions) were appointed.
- b) We conducted baseline survey on prevalence of alcohol and drug use among County staff.
- c) We received and handled all staff cases referred from the Directorate of Human Resource Management as required.
- d) We conducted three sensitization meetings for 560 staff and attachment trainees.

Summary of reported cases

No	Department	No referred	Status
1	Public Service and Administration	5	Reported 1 relapse
2	Health	7	Reported 1 relapse
3	Agriculture	3	Reported 2 relapses
4	Finance	1	
5	Social, Sports, Youth and Culture	1	
	Total	17	

Alcohol and drug abuse are experienced at the work place and it affects the safety and performance of the employees resulting in low output and poor service delivery. It is also associated with problems such as injury, decreased morale, illness and even death. It is important that all activities under EAP get the necessary support during the year 2024/2025 in order to have a remarkable positive impact on general staff wellbeing.

Main challenges were inadequate budget, cases of relapses and stigma.

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

12. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

- Control of production, distribution, promotion and consumption of alcoholic drinks within the County;
- Undertake /Coordinate public awareness and education activities on adverse effects of alcohol and drug abuse;
- Develop programmes for treatment and rehabilitation of Persons with Substance Use Disorders.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 41

Trustees

The members of the Board of Trustees who served during the year are shown on page iii (refer to the key entity information and management page). The changes in the Board during the financial year are as shown below:

Auditors

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

By Order of the Board



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

Date: 13/11/2025

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

13. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by (The Fund should state the appropriate legislation establishing the Fund) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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


The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (quote the applicable legislation establishing the County Public Fund). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 13/11/2025 2025 and signed on its behalf by:

.....


Administrator of the County Public Fund

REPUBLIC OF KENYA



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

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kakamega County Alcoholic Drinks Control Fund set out on pages 1 to 48, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of

Report of the Auditor-General on Kakamega County Alcoholic Drinks Control Fund for the year ended 30 June, 2025

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 Kakamega County Alcoholic Drinks Control Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kakamega County Alcoholic Drinks Control Fund Act, 2014.

Basis for Qualified Opinion

1. Unsupported Revenue

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects other income amounting to Kshs.45,041,501, comprising of receipts invoiced amounting to Kshs.24,782,000 and Kshs.20,259,501 described as revenue. However, each amount was not supported by a schedule indicating the names of traders, dates of receipt and amounts and only Kshs.24,782,000 was supported with summarized block amounts per sub county.

In addition, details of all alcoholic drinks traders that operated within Kakamega County were not provided for audit review.

In the circumstances, the accuracy and completeness of the other revenue amounting to Kshs.45,041,501 could not be confirmed.

2. Unsupported Expenditure on Workshops and Mapping of Alcoholic Drinks Outlets

The statement of financial performance reflects use of goods and services amount of Kshs.39,027,492 as disclosed in Note 12 to the financial statements which in turn includes expenses amounting to Kshs.4,188,100 spent on workshops and mapping of alcoholic drinks outlets. However, the following unsatisfactory observations were made after review of the payment vouchers and supporting documents:

- (i) Management did not provide a work plan to give guidance and direction on outlined activities, timeliness and responsibilities to ensure members of the fund were aware of the deliverables and the activities aligned with the entity's mandate.
- (ii) No official invitation or nomination letters to participants or trainers were provided for audit review.

- (iii) The audit observed that allowances of between Kshs.2,000 to Kshs.15,000 were disbursed to persons whose identity and eligibility was not supported by documentation rendering the payments irregular.
- (iv) Management did not provide the workshops program or agenda and list of facilitators for audit review.
- (v) Management did not provide expected outputs/outcomes such as, reports, trained officers, policy inputs among others.
- (vi) Post workshop reports were not provided to assess whether the objectives were achieved.
- (vii) Management did not provide justification that the main objectives could not be achieved through cheaper means for prudent use of public funds.

In the circumstances, public resources were expended without due regard to economy, efficiency and effectiveness, and the accuracy and completeness of expenditure of Kshs.4,188,100 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects that, Kakamega County Alcoholic Drinks Control Fund had a revenue budget of Kshs.60,500,000 against actual receipts of Kshs.20,259,501 resulting to under-realization of Kshs.40,240,499 or 67% of the budgeted receipts. Similarly, the statement reflects an approved expenditure budget of Kshs.60,500,000 with the actual total expenditure being Kshs.39,027,492 resulting to overall under-expenditure of Kshs.21,472,508 or 35% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were reported under Report on the Financial Statements, Emphasis of Matter and Report on Lawfulness and Effectiveness in the Use of Public Resources, as detailed in **Appendix I**. However, Management had not resolved the issues or given reasons for the delay in resolving the issues.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Establish Alcoholic Treatment and Rehabilitation Facilities and Programs

The Kakamega County Government established the Fund to enhance service delivery and establish rehabilitation centres in sixty wards within the County. Although the Fund has remained operational through revenue collection, the Fund had not made efforts to establish treatment and rehabilitation facilities in any of the sixty (60) wards during the

year under review contrary to Section 5(1) of the Kakamega County Alcoholic Drinks Control Act, 2014, which requires the establishment of treatment and rehabilitation facilities and programs for persons dependent on alcoholic drinks in each Ward.

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

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

REPORT ON 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. Non-Compliance with Payment Processing Controls

Audit review of payment vouchers revealed that, although the Authority to Incur Expenditure (AIE) holder signed payment vouchers authorizing payments to various individuals as imprest and suppliers for the supply and delivery of goods, works, and services, key internal control measures were not adequately observed. Specifically, essential details such as voucher numbers were not properly captured, and the required "PAID" stamp was missing on several payment vouchers.

The payment vouchers were neither examined nor authorized by the accountants as required by the Kakamega County Finance Manual. The absence of these control features compromises the integrity of the payment process and increases the risk of errors, duplication, or unauthorized payments.

In the circumstances, the effectiveness of internal controls for payments processing could not be confirmed.

2. Lack of Internal Audit Reports

Review of the records submitted for audit revealed that the Fund did not have an independent internal audit function, and had not made arrangements for conducting internal audits. This was contrary to the requirements of Section 155(1)(a) and 155(4) of the Public Finance Management Act, 2012 which states that a County Government entity

shall ensure that it complies with this Act and has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board and a County Government entity shall ensure that the arrangements for conducting internal audits in respect of the entity are in accordance with international best practices for internal auditing.

In the circumstances, effectiveness of the Fund's internal controls and oversight could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

21 November, 2025

Appendix I

Unresolved Prior Year Audit Issues

Reference No. on the Auditor-General's Report	Observation
	Report on the Financial Statements
1	Unsupported Revenue
2	Unconfirmed Property, Plant and Equipment Balance
3	Undisclosed Receivables
	Emphasis of Matter
	Budgetary Control and Performance
	Report on Lawfulness and Effectiveness in the Use of Public Resources
	Failure to Establish Alcoholic Treatment and Rehabilitation Facilities and Programs

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	0	0
Transfers From the County Government	7	0	0
Fines, Penalties and Other Levies	8	0	0
		0	0
Revenue From Exchange Transactions			
Interest Income	9	0	0
Other Income	10	45,041,501	22,885,676
		45,041,501	22,885,676
Total Revenue		45,041,501	22,885,676
Expenses			
Transfer	11	0	17,800,000
Use of goods and services	12	39,027,492	1,121,800
Depreciation and Amortization Expense	13	27,393	77,945
Fund administration cost	14	0	857,814
Total Expenses		39,054,885	19,857,559
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	0	0
Gain /Loss on fair value of investments	16	0	0
Surplus/(Deficit) for the Period		5,986,616	3,028,117

(The notes set out on pages ⁸xxx to ⁴¹xxx form an integral part of these Financial Statements)

.....
Name: CHRP Prisca Otipa
Administrator of the Fund

.....
Name: CPA Victor Kasyamani
Fund Accountant
ICPAK Member Number: 17463

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Financial Position As at 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	2,180,097	20,948,087
Current Portion of Long- Term Receivables from Exchange Transactions	18	4,522,499	0
Prepayments	19	0	0
Inventories	20	0	0
Investments in financial assets	21	0	0
Total current assets		6,702,596	20,948,087
Non-Current Assets			
Property, Plant and Equipment	22	433,746	461,140
Intangible Assets	23	0	0
Long Term Receivables from Exchange Transactions	18	0	0
Investment Property	24	0	0
Total non- current assets		433,746	461,140
Total Assets (A)		7,136,342	21,409,227
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	0	0
Current Provisions	26	0	0
Current Portion of Borrowings	27	0	0
Employee Benefit Obligations	28	0	0
Social benefit liabilities	29	0	0
Total current liabilities		0	0
Non-Current Liabilities			
Non-Current Provisions	26	0	0
Long Term Portion of Borrowings	27	0	0
Non-Current Employee Benefit Obligation	28	0	0
Social benefit liabilities	29	0	0

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Total Liabilities (B)		0	0
Net Assets (A-B)		7,136,342	21,409,227
Represented By:			
Revolving Fund		0	0
Reserves		4,837,560	4,837,560
Accumulated Surplus		2,298,782	16,571,667
Net Assets		7,136,342	21,409,227

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 13/11 2025 and signed by:



.....
Name: CHRP Prisca Otipa
Administrator of the Fund



.....
Name: CPA Victor Kasyamani
Fund Accountant
ICPAK Member Number: 17463

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023 (Previous FY)	0	4,837,560	12,284,049	18,381,110
Surplus/(Deficit) For the Period	0	0	3,028,117	3,028,117
Funds Received During the Year	0	0	0	0
Transfers	0	0	0	0
Revaluation Gain	0	0	0	0
Balance As At 30 June 2024 (Previous FY)	0	4,837,560	15,312,166	21,409,227
Balance As At 1 July 2024 (Current FY)	0	4,837,560	15,312,166	21,409,227
Surplus/(Deficit) For the Period	0	0	5,986,616	5,986,616
Funds Received During the Year	0	0	0	0
Transfers	0	0	(19,000,000)	(19,000,000)
Revaluation Gain	0	0	0-	0
Balance As At 30 June 2025 (Current FY)	0	4,837,560	2,298,782	7,136,342

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the county government		0	0
Interest received		0	0
Receipts from other operating activities		20,259,501	22,885,676
Total receipts		20,259,501	22,885,676
Payments			
Fund administration expenses		0	857,814
General expenses		39,027,492	1,121,800
Transfer to CRF		0	17,800,000
Other payments		0	0
		39,027,492	19,779,614
Net cash flows from operating activities	30	(18,767,991)	3,106,062
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		0	0
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash Equivalents		(18,767,991)	3,106,062
Cash and cash equivalents at 1 July 2024	17	20,948,087	17,842,025
Cash and cash equivalents at 30 June 2025	17	2,180,097	20,948,087

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% Utilization
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget Bal Bf from the previous year*	20,948,087	0	20,948,087	20,948,087	0	100%
Receipts						
Public Contributions and Donations	0	0	0	0	0	0
Transfers From Revenue account	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0
Other Income	60,500,000	0	60,500,000	20,259,501	40,240,499	33%
Total Income	60,500,000	0	60,500,000	20,259,501	40,240,499	33%
Expenses						
Fund Administration Expenses	0	0	0	0	0	xx%
General Expenses	40,000,000	0	40,000,000	39,027,492	972,508	98%
Transfer to Operations account	0	0	0	0	0	0%
Total Expenditure	40,000,000	0	40,000,000	39,027,492	972,508	98%
Capital expenditure	20,500,000	0	20,500,000	0	0	
Surplus For the Period	0	0	0	(18,767,991)	0	

(Budget carryovers* This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

Budget Reconciliation

	Description of Particulars	Amount in KShs.
	Actual Surplus Amounts as per the statement of Budget	(18,767,991)
1	Reason for differences	20,948,087
2	Reason for differences	0
3	Reason for differences	0
4	Reason for differences	0
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,180,097

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

20. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kakamega County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from Kakamega County Alcoholic Drinks Control Act 2014. The Fund is wholly owned by the County Government of Kakamega under the Ministry of Public Service and Administration and is domiciled in Kenya.

The fund's objective is to provide for licensing of alcoholic drinks by the County Government of Kakamega.

The Fund's principal activity is to enable the operations of the sub-county committees in regulating alcohol production, distribution, sale and consumption within Kakamega County.

The principal mandate of the Fund is to facilitate regulation in terms of production, distribution, sale and consumption of alcohol; campaign against alcohol abuse and provide interventions for minimizing the harm and mitigating the impact of alcohol on individual consumers, their families and the community of Kakamega County.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(When an IPSAS becomes effective on 1st January 2024, it is applicable in Kenya from 1st July 2025)

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1 st January 2025

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

	<p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>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.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol 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.

Kakamega County Alcoholic Drinks Control Fund

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

	<p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</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> <p>State the expected impact of the standard to the Entity if relevant</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</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> <p>State the expected impact of the standard to the Entity if relevant</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</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> <p>State the expected impact of the standard to the Entity if relevant</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</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> <ol 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. <p>State the expected impact of the standard to the Entity if relevant</p>

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 20/06/2024. 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. Accordingly, the Fund recorded additional appropriations of 0 on the FY 2024/2025 budget following the governing body's approval.

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Notes To the Financial Statements Continued

6. Public contributions and donations

Description	2024/2025	2023/2024
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From the Public	0	0
Total	0	0

(Provide brief explanation for this revenue)

7. Transfers from County Government

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations	0	0
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
Total	0	0

8. Fines, penalties and other levies

Description	2024/2025	2023/2024
	Kshs	Kshs
Late Payment Penalties	0	0
Fines	0	0
Total	0	0

9. Interest income

Description	2024/2025	2023/2024
	Kshs	Kshs
Interest Income from Mortgage Loans	0	0
Interest Income From Car Loans	0	0
Interest Income From Investments in financial assets	0	0
Interest Income On Bank Deposits	0	0
Total Interest Income	0	0

(Provide brief explanation for this revenue)

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

10. Other income

Description	2024/2025	2023/2024
	Kshs	Kshs
Registrations	0	2,948,010
Receipts invoiced	24,782,000	19,937,666
Revenue	20,259,501	0
Miscellaneous Income	0	0
Total Other Income	45,041,501	22,885,676

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

11. Employee Costs

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

12. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Consultancy	1,216,000	0
Daily Subsistence Allowance	16,449,400	0
Accountable documents	150,000	0
Boards	15,502,059	0
Printing	2,017,550	0
Inspection of Liquour outlets	2,767,800	0
GOS	52,065	0
Training	669,100	0
Travel Cost	132,000	0
Rental Costs	0	0
Security Costs	0	0
Telephone And Communication Expenses	0	0
Bank Charges	71518	0

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Audit Fees	0	0
Provision For Doubtful Debts	0	0
Other (Specify)	0	0
Social benefit expenses*	0	0
Total	39,027,492	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

13. Depreciation and Amortization Expenses

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property Plant and Equipment	27,393	77,945
Intangible Assets	0	0
Total	27,393	77,945

14. Fund Administration expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank charges	0	25,314
Daily subsistence Allowance (Enforcement)	0	832,500
Total	0	857,814

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

15. Gain/(loss) on disposal of assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

16. Gain/ (loss) on Fair Value Investments

Description	2024/2025	2023/2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

17. Cash and cash equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
National Bank Account	614,150	144,830
Kenya Commercial Bank Account	1,550,542	19,919,312
Family Bank Account	15,405	883,945
On – Call Deposits	0	0
Current Account	0	0
Others (Specify)	0	0
Total Cash and Cash Equivalents	2,180,097	20,948,087

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
Sub- Total		0	0
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
Sub- Total		0	0
c) Current Account			
National Bank	01020110619200	614,150	144,830
KCB Bank	1314618717	1,550,542	19,919,312
Family Bank	078000068612	15,405	883,945
Sub- Total		2,180,097	20,948,087
d) Others(Specify)			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		2,180,097	2,180,097

18. Receivables from exchange transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Receivables		
Debtors	4,522,499	0
Total Current Receivables	4,522,499	0
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	4,522,499	0

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Additional disclosure on interest receivable

Description	2024/2025	2023/2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
Current loan repayments due	0	0
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

19. Prepayments

Description	2024/2025	2023/2024
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (<i>Specify</i>)	0	0
Total	0	0

20. Inventories

Description	2024/2025	2023/2024
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (<i>Specify</i>)	0	0
Total Inventories	0	0

Detailed disclosure on inventories

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

	2024/2025	2023/2024
Opening balance	0	0
Additional Inventory in the year	0	0
Inventory expensed in the year	0	0
Write-downs in the year	0	0
Others specify	0	0
Closing balance	0	0

21. Investments in financial assets

Description	2024/2025	2023/2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b. Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
c. Equity investments (specify)		
Equity/ shares in Entity xxx	0	0
Sub- total	0	0
Grand total	0	0

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

Movement of Equity Investments

Impairment allowance/ provision	2024/2025	2023/2024
	Kshs	Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	0	0
Gain/(loss) in fair value of investments through surplus or deficit	0	0
At the end of the year	0	0

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

e) Shareholding in other entities

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

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

22. Property, plant, and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
As at the beginning July 2023	0	0	487,576	51,508	539,085
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0
As at the end June 2024	0	0	487,576	51,508	539,085
At the beginning July 2024					
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
As at the end June 2025	0	0	487,576	51,508	539,085
Depreciation and Impairment					
As at the beginning July 2023	0	0	216,626	25370	241,995
Depreciation	0	0	60,947	16,998	77,945
Impairment	0	0	0	0	0
As at the end June 2024	0	0	277,573	42,368	319,940
As at the beginning July 2024	0	0	277,573	42,368	319,940
Depreciation	0	0	26,250	3,046	27,393
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Transfer/Adjustment	0	0	0	0	0
As at the end June 2025	0	0	303,823	45,414	347,333
Net Book Values					
As at the end June 2024	0	0	426,629	34,510	461,139
As at the end June 2025	0	0	400,379	31,464	433,746
Depreciation Rate applied %			12.5	33.33	

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

23. Intangible assets

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Cost		
At Beginning of The Year	0	0
Additions	0	0
At End of The Year	0	0
Amortization And Impairment		
At Beginning of The Year	0	0
Amortization	0	0
At End of The Year	0	0
Impairment Loss	0	0
At End of The Year	0	0
NBV	0	0

24. Investment Property

Description	2024/2025	2023/2024
	Kshs	Kshs
At beginning of the year	0	0
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
Gain/(loss) in fair value (if fair value is elected)	0	0
At end of the year	0	0

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

25. Trade and other payables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Trade Payables	0		0	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	0		0	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	0		0	

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

26. Provisions

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

27. Borrowings

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance At Beginning of The Period	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments of External Borrowings During the Period	0	0
Repayments of Domestic Borrowings During the Period	0	0
Balance At End of The Period	0	0

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

Description	2024/2025	2023/2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0
Domestic Borrowings	0	0
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End of The Year	0	0

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

28. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current EY	Insert Comparative eFY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

29. Social Benefit Liabilities

Description	2024/2025	2023/2024
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

30. Cash generated from operations.

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(14,272,885)	3,028,117
Adjusted For:		
Depreciation	27,393	77,945
Amortization	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance Cost	0	0
Working Capital Adjustments		0
Increase In Inventory	0	0
Increase In Receivables	(4,522,499)	0
Increase In Payables	0	0
Net Cash Flow From Operating Activities	(18,767,991)	3,106,062

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

31. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

Description	2024/2025	2023/2024
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	2024/2025	2023/2024
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Other Disclosures Continued

e) Due to related parties

Description	2024/2025	2023/2024
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

32. Contingent assets and contingent liabilities

Contingent Liabilities	2024/2025	2023/2024
	Kshs	Kshs
Court Case Against the Fund	0	0
Bank Guarantees	0	0
Total	0	0

(Give details)

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

33. Financial risk management

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

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

a) Credit risk

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

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

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June (Comparative FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

c) Market risk

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

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

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

i. Foreign currency risk

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

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

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

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

Foreign currency sensitivity analysis

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

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	0	0
USD	10%	0	0
(Comparative FY)			
Euro	10%	0	0
USD	10%	0	0

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

d) Capital risk management.

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

34. Events after the reporting period

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

35. Ultimate and Holding Entity

The entity is a County Public Fund established by xxx Act (*state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of XXX.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

21. Annexes

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

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

Reference No on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
1	<p>Unsupported Revenue The statement of financial performance and as disclosed in Note 2 to the financial statements reflects other income amounting to Kshs.22,885,676 , comprising receipts from traders amounting to Kshs.2,948,010 and Kshs.19,937,666 deposited at two (2) local banks. However, the amount was not supported by a schedule indicating the names of traders, dates of receipt and amounts. Further, the statement reflects a Nil balance in respect of fines, penalties and</p>	<p>Explanation on other income amounting to Kshs.22,885,676, comprising receipts from traders amounting to Kshs.2,948,010 and Kshs.19,937,666 deposited at two (2) local banks whose schedule was not provided</p> <p>As observed by the Auditor, the Ksh. 22,885,676 relates to receipts collected as revenue from liquor outlets, the schedules indicating names,of traders,dates of receipts and amount is hereby availed for audit review.</p> <p>Annex 1 (i) Schedule of receipts with details indicating names of</p>	<p>Not yet resolved. Handled at the County Assembly. Awaiting senate deliberation s</p>	<p>6 months time</p>

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved? Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>other levies. However, Management failed to explain why there were no revenues from this revenue stream. In addition, details of all alcoholic drinks traders that operated within Kakamega County were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of the total revenue amounting to Kshs.22,885,676 could not be confirmed.</p>	<p>traders, dates of receipt and amount paid by the trader</p> <p>Explanation on why statement reflects a Nil balance in respect of fines, penalties and other levies.</p> <p>The management has noted the auditors observation. The Template shows fines etc as revenue from non exchange transaction, while other incomes are revenues from exchange transactions. The Ksh. 22,885,676 is actually revenues from exchange transactions. The revenues received after mapping and invoicing exercise as well as the licencing exercise is revenue from exchange transaction.</p>		

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
		Annex 1(ii) of reporting template (Statement of Financial Performance)		
2	<p>Unconfirmed Property, Plant and Equipment Balance</p> <p>The statement of financial position and Note 9 to the financial statements reflect property, plant and equipment balance of Kshs.461,140. However, review of the available records revealed that the rate of depreciation and how it is applied was not disclosed.</p> <p>In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.461,140 could not be confirmed.</p>	<p>Management has noted the auditors concern. It was an omission on the side of management to disclose the rate of depreciation. However, going Forward the management is complying with the template and is disclosing the rates of depreciation. The rate of depreciation used was 12.5% on furniture and fittings while computers the rate applied was 33.33%. Management is guided by the policy on depreciation of the National Treasury.</p>	<p>Not yet resolved. Handled at the County Assembly. Awaiting senate deliberation</p>	<p>6 months time</p>

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
3	<p>Undisclosed Receivables The statement of financial position reflects total assets balance of Kshs.21,409,227. However, review of records provided for audit including invoices revealed that receivables amounting to Kshs.14,092,000 were not disclosed in the financial statements for the year ended 30 June, 2024. In the circumstances, the accuracy and completeness of total assets balance of Kshs.21,409,227 could not be confirmed.</p>	<p>The management has noted the concerns of the auditor, the management has trained officers responsible for preparing financial reports and going forward receivables are recognized and reported in the statement of financial position. The Financial report for 2024/2025 all invoices issued will be recognized as revenue and for the unpaid invoices will be recognized as receivables. The management regrets the omission.</p>	<p>Not yet resolved. Handled at the County Assembly. Awaiting senate deliberation s</p>	<p>6 months time</p>
Emphasis of Matter	<p>The statement of comparison of budget and actual amounts reflects that the Kakamega County Alcoholic Drinks Control Fund had a revenue budget</p>	<p>Under-realization of Kshs.7,114,324 or 24% of the budgeted receipts The management has noted the auditors concerns, the under realization</p>	<p>Not yet resolved. Handled at the County Assembly. Awaiting senate</p>	<p>6 months time</p>

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>of Kshs.30,000,000 against actual receipts of Kshs.22,885,676 resulting to under-realization of Kshs.7,114,324 or 24% of the budgeted receipts. Similarly, the statement reflects an approved expenditure budget of Kshs.30,000,000 and actual total expenditure of Kshs.19,857,559 resulting to under-expenditure of Kshs.10,142,441 or 34% of the budget.</p> <p>The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>was due to invoices that were not honored, the traders vanished with no trace. The management through the intensive mapping and enforcement will ensure all invoices issued are collectable.</p> <p>Under-expenditure of Kshs.10,142,441 or 34% of the budget Under absorption was occasioned due to non-attainment of revenue target. The management has put in place measures to ensure what has been budgeted is spent and attain the objectives set out in the budget.</p>	<p>deliberation s</p>	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
Unresolved Prior Year Matters	In the audit of the previous year, several issues were reported under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.	Management has noted the auditors concerns, the audit certificate for 2021/2022 and 2022/2023 were discussed by the County Assembly and by extension the Senate. Most of the recommendations suggested at the plenary at the County assembly and the Senate have been put in action. Annex OM 1 Management Responses 2022/2023 audit certificate	Not yet resolved. Handled at the County Assembly. Awaiting senate deliberation s	6 months time
Basis of Conclusion Failure to Establish Alcoholic Treatment and Rehabilitation Facilities and Programs	The Kakamega County Government established the Fund to enhance service delivery and establish rehabilitation centres in sixty wards within the County. Although the Fund has remained	Management response The management has noted the auditor's observation. The management has allocated funds towards building rehabilitation centers. The 2024/2025 budget has allocation for the same.	Not yet resolved. Handled at the County Assembly. Awaiting senate deliberation s	6 months time

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status (Resolved/ Not Resolved)	Timeframe (Put a date when you expect the Issue to be resolved)
	<p>operational through revenue collection, the Fund had not made effort to establish treatment and rehabilitation facilities in any of the sixty (60) wards during the year under review contrary to Section 5(1) of the Kakamega County Alcoholic Drinks Control Act, 2014, which requires the establishment of treatment and rehabilitation facilities and programs for persons dependent on alcoholic drinks in each Ward. In the circumstances, Management was in breach of the law</p>	<p>Annex BC 1 Budget</p>		

Fund Manager

Date.....

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

[Insert name of beneficiary Fund]
[Insert Address]

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

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

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

Head of Accountants department of beneficiary Fund:

Name Sign Date

Kakamega County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex III: Reporting of Climate Relevant Expenditures

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

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

Annex IV: Reporting on Disaster Management Expenditure

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