

REPUBLIC OF KENYA



132

REPORT



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**NAROK COUNTY ALCOHOLIC DRINKS
REGULATION AND CONTROL FUND**

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

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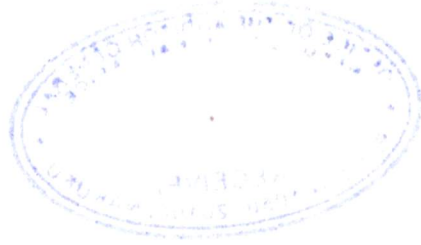


NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND

**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)

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Narok County Alcoholic Drinks Regulation and Control Fund
Annual Report and Financial Statements For the year ended 30th June 2025

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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.

2. Key Entity Information and Management

a) Background information

Narok County Alcoholic Drinks Control and Regulation Fund is established by and derives its directorate and accountability from Narok county Alcoholic Drinks Regulation and Control Act of 20th July 2016(Revised 2024). The Fund is wholly owned by the County Government of Narok and is domiciled in Kenya.

The history of Narok County Alcoholic Drinks Regulation and Control Act began in 20th July 2016. Its primary function is to initiate a public education and awareness campaign against alcohol abuse especially among youth in schools and other learning institutions. This was in response to a wave of violent student unrest and suspicion of devil worship, part of which was blamed on drug abuse.

The Narok County Alcoholic Drinks directorate was mandated to coordinate a multi-sectoral campaign to prevent, control and mitigate the impacts of Alcohol abuse in the County.

b) Principal Activities

The specific functions of Narok County alcoholic Drinks as set out in the Narok county Alcoholic Drinks Regulation and Control Act on 20th July 2016 are to:

- (i) Carry out public education on alcohol abuse directly and in collaboration with other public or private bodies and institutions;
- (ii) Coordinate and facilitate public participation in the control of alcohol abuse;
- (iii) Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol-demand reduction;
- (iv) In collaboration with other lead agencies, facilitate and promote the monitoring and surveillance of Narok County emerging trends and patterns in the production, manufacture, sale, consumption, trafficking and promotion of alcohol prone to abuse;
- (v) In collaboration with other lead agencies, provide and facilitate the development and operation of rehabilitation facilities, programs and standards for persons suffering from alcohol use disorders;
- (vi) Subject to any other written law, license and regulate operations of rehabilitation facilities for persons suffering from alcohol use disorders;
- (vii) Coordinate and facilitate, in collaboration with other lead agencies and non-State actors, the formulation of national policies, laws and plans of action on control of alcohol abuse and facilitate their implementation, enforcement, continuous review, monitoring and evaluation;
- (viii) Develop and maintain proactive co-operation with regional and, international institutions in areas relevant to achieving the Narok County Alcoholic Drinks' objectives;
- (ix) In collaboration with other public and private agencies, facilitate, conduct, promote and coordinate research and dissemination of findings on data on alcohol abuse and serve as the repository of such data;

Narok County Alcoholic Drinks Regulation and Control Fund
Annual Report and Financial Statements For the year ended 30th June 2025

- (x) In collaboration with other lead agencies, prepare, publish and submit an alcohol abuse control status report bi-annually
- (xi) Assist and support Narok County government in developing and implementing policies, laws and plans of action on control of alcoholic drinks abuse; and
- (xii) Carry out such other roles necessary for the implementation of the objects and purpose of this Act and perform such other functions as may from time to time

Vision

To achieve excellence in regulations and control of alcoholic drinks in the county.

Mission

To lead and coordinate the fight against alcohol abuse through prevention, advocacy, policy development, research, treatment and rehabilitation programmes, and execution of relevant statutes in Narok County.

c) Key Management

The Narok county alcoholic drinks control and regulation day-to-day management is under the following key organs:

- Chair Person/CECM Administration, Devolution and Public Service Management
- The Director
- Accountant
- Administrator

d) Fiduciary Management

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

No.	Designation	Name
1	CECM Administration, Devolution and Public Service Management	Hon. Josephine Ngeno
2	Chief Officer Devolution and Public administration	Mrs Melvin Nkoitoi
3.	Director - Liquor Directorate	Lesaloi Sasroi
4.	Accountant - Liquor Directorate	Peter Kulet
5.	Rhodah Ntayia-Liquor Directorate	Administrator

e) Entity Headquarters

P.O. Box 898
Narok County Government Headquarters
info@narok.go.ke

f) Entity Contacts

Telephone: (254) 020 268 8929/03
E-mail: info@narok.go.ke
Website: www.narok.go.ke

g) Entity Bankers

1. *KCB Narok Branch*
P.O. Box 406-20500 *Narok City/Town*
Narok Telephone Number: 050-22576, 020-206251
Email Address:
NAIROBI, KENYA

h) Independent Auditors

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


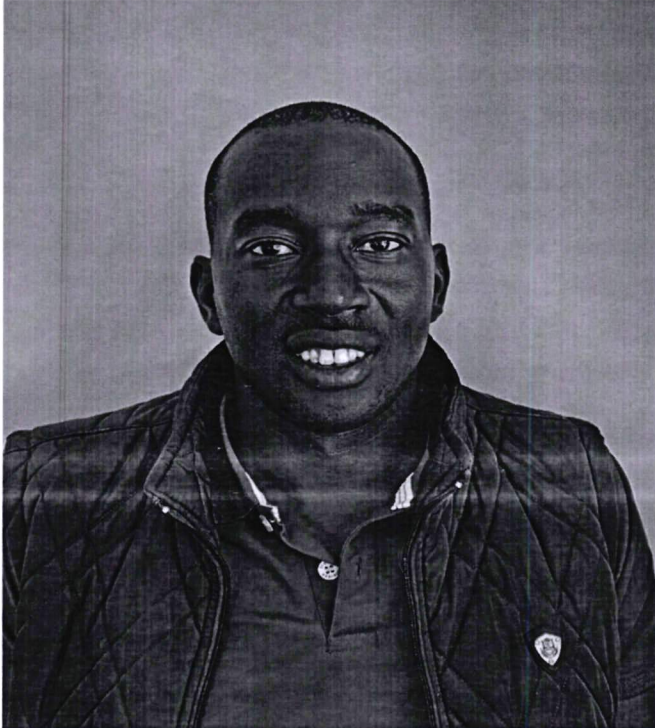
i) Principal Legal Adviser

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

j) County Attorney

The County Attorney,
P.O. Box 898-20500,
Narok County Government,
Narok.

3. Fund Administration Committee

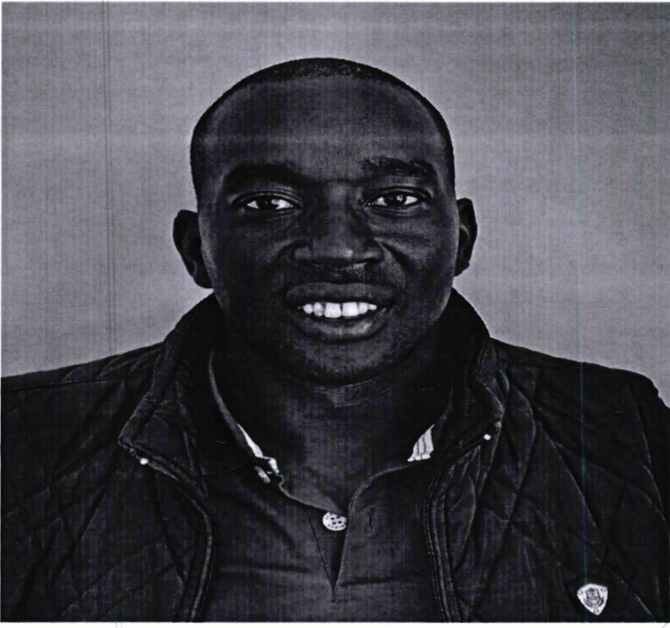
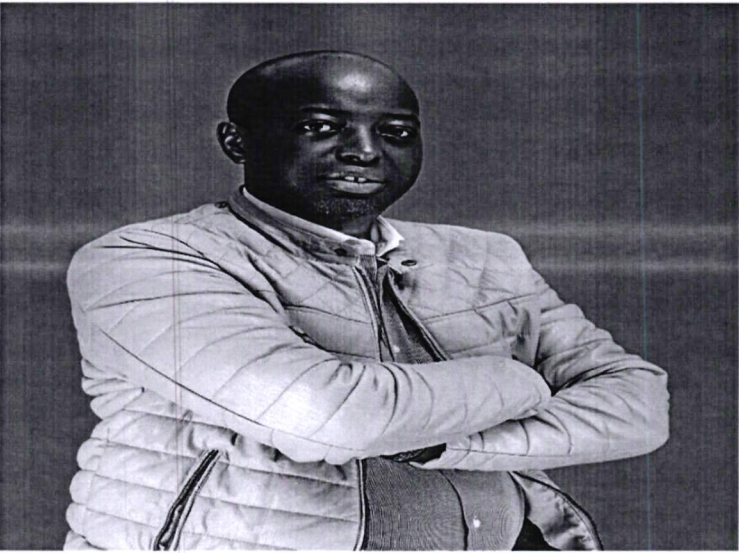
Name	Details of qualifications and experience
<p>1. </p> <p>Ms Josephine Ng'eno CEC, Administration, Coordination of Decentralized Services, Disaster Management</p>	<p>-</p> <p>Ms Josephine Ng'eno is appointed as CEC Administration, Coordination of decentralized Services and Disaster Management. She holds a BSC.in Public Health from Jaramogi Oginga Odinga University of science and technology and currently undertaking MPH from Mt. Kenya University.</p>
<p>2. </p> <p>Lesaloi Saroi- Director Narok County Alcoholic Drinks Control and Regulation Department</p>	<p>He was appointed on 4th August,2025 as the Ag. Director Liquor Licensing Committee.</p> <p>He holds a Masters Degree in Public Administration and Management from Mount Kenya University, A bachelor's Degree in public policy and administration from Kenyatta University.</p> <p>He is certified in strategic management and leadership from Kenya institute of management and a holder of senior management training course from Kenya School of Government.</p>



Mrs Melvin Nkoitai is appointed as the Chief officer -Devolution and Public Administration in October 2022 and is the Chairperson for the Narok County Alcoholic Drinks Control and Regulation Fund .She holds a bachelor’s Degree in Banking and Finance and a CPA Finalist

3. Mrs Melvin Nkoitai. -chief officer Devolution and Public Administration

4. Management Team

Name	Details of qualifications and experience
 <p>Lesaloi Saroi- Director Narok County Alcoholic Drinks Control and Regulation Department.</p>	<p>He was appointed on 4th August,2025 as the Ag. Director Liquor Licensing Committee.</p> <p>He holds a Masters Degree in Public Administration and Management from Mount Kenya University, A bachelor’s Degree in public policy and administration from Kenyatta University.</p> <p>He is certified in strategic management and leadership from Kenya institute of management and a holder of senior management training course from Kenya School of Government.</p> <p>He is the Administrator of the fund.</p>
 <p>Kulet Peter-Accountant Narok County Alcoholic Drinks Control and Regulations Department</p>	<p>He was appointed on 4th August, 2024 as the directorate accountant. He holds a Bachelor’s degree in finance from Moi University. He is a certified investment financial analyst.</p> <p>He also holds a certificate in Strategic leadership development programme and senior management course from Kenya School of Government.</p>

5. Board/Fund Chairperson's Report

It is my pleasure to present the County Government of Narok Alcoholic Drinks Regulation and Control Fund financial statements for the year ended 30th June 2025. The financial statements present the financial performance of the Fund over the past year. The Narok county Alcoholic Drinks Regulation and Control Act requires the Committee of Directors to ensure that proper books and other records of accounts of income, expenditure, assets and liabilities of the Directorate are kept. This calls for preparation of Financial Statements.

The fund generates its revenues from licencing fees levied on authorised alcohol vendors within the County. The fund derives authority to budget and apply the funds in its operations from the Act that creates it. The director is mandated to authorize any expenditure on account of the fund

During the FY ended 30th June 2025, the Fund raised a total of Kshs 29,601,000 liquor licence fee and charges and there was no Capital Transfer from other Government Agencies. A total of Kshs 29,000,480 was spent in various activities of the fund as approved by the committee.

The Committees mandate is to ensure financial prudence in its role and therefore accepts this responsibility and therefore has prepared the attached Financial Statements as at 30th June 2025 based on prudence in judgement in accordance with the International Public Sector Accounting Standards (IPSAS).

In the opinion of the Committee, nothing has come to the attention that the directorate will not remain a going concern for at least twelve months from the date of this statement. The directorate's Act of 2016 provides the strategic direction in the campaign against alcohol drug abuse in Narok County taking into consideration national government policy provisions, devolved governance structures, as well as emerging Alcohol consumption trends.

Name HON. JOSEPHINE NGENO

Signature..........Date 29th August 2025

Chairperson of the Narok County Alcoholic Drinks Management and Control Committee

6. Report of the Fund Administrator

The fund was established through an act of Narok county Assembly 2016(Revised 2024).The fund came into operations on the year 2019.during the first three years of inception, the fund was able to achieve a growth of 15% in terms increase in the number of licensed premises. During the financial year 2024/2025,the fund was able to license 1,132 premises which brought a revenue of Kshs.29,382,777.This was 26.50% increment as compared to financial year 2023/2024.

The directorate was able to carry our public education and advocacy in all the eight sub counties. An approximate of 1,000 youths were reached and sensitized on the use and effects of drug abuse. This has greatly reduced incidences of drug abuse within the county. The directorate intends to roll out more advocacy and education against drug abuse so as to its impact.

The directorate has been undertaking counseling, rehabilitation and reintegration of identified victims. During the financial year 2024/2025, we were able to counsel and reintegrate 40 victims 5f alcoholic addiction. This has been a great achievement as the families have been able to sustain and reunite with their loved ones. The directorate is on the process of constructing a rehabilitation center which is being funded by Narok County Government.

The directorate will be carrying out research on alcoholic and drug abuse during the financial year 2025/2026.this will assist in coming up with data that will assist the department align its objectives with emerging issues.

The directorate emphasizes on upholding leadership and integrity in discharging its mandate. The management and sub county committees have been occasionally trained on the core mandate of the directorate. This has strengthened the staff and improved our services in regards to executing our mandate.

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

The fund was established through an act of Narok county Assembly 2016(Revised 2024).The fund came into operations on the year 2019.during the first three years of inception, the fund was able to achieve a growth of 15% in terms increase in the number of licensed premises. During the financial year 2024/2025,the fund was able to license 1,132 premises which brought a revenue of Kshs.29,601,000.This was 26.50% increment as compared to financial year 2023/2024.

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Below we provide the progress on attaining the stated objectives:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1) Public Education and Advocacy	To carry out public education and awareness targeting 300 families on alcohol abuse directly and in collaboration with other public or	In the F/Y 2024/2025 We have allocated Kshs 3,324,000 for public participation and advocacy	Family based preventive Community based preventive Workplace	Over 300 families reached and sensitised

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	private bodies and institutions		based preventive	
2) Counselling & Treatment	To provide counselling and treatment services to persons with alcohol use disorders and their families	In the F/Y 2024/2025 We have allocated KSh 3,840,800 for the Counselling and treatment	Early intervention, for addressing substance misuse problems or mild disorders by families and communities.	Counselling & Treatment engagement and manuals given to families.
3) Research policy and planning	To Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol reduction	In the F/Y 2024/2025 the directorate was not able to carry out any research due to financial constraints	Enforcement and collaboration with interagency increased	
4) Compliance & Quality Controls	To Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol reduction;	In the F/Y 2024/2025 We have allocated KSh 4,148,500	Enforcement agencies including police, County rangers and NACADA Team are working together to curb the menace.	Some unauthorised alcohol napped awaiting disposal & relevant agencies notified of the same

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	To assist and support Sub-county committees in developing and implementing policies, systems and plans of action on control of alcohol abuse.	In the F/Y 2024/25 we have allocated KSh2,223,800	Increased involvements by the sub-county committee on developing procedures and systems	Drafted regulation to be presented to executive member for approval
5) Leadership and integrity	To provide good leadership in Developing and maintaining proactive co-operation with regional and international institutions in areas relevant to achieving the Narok County Alcoholic Drinks' objectives;		Collaboration of public and private agencies to facilitate, conduct, promote and coordinate research findings on data on Alcohol abuse and serve as the repository of such data to guide policy and programmes	Towards strengthening the capacity of the Sub-County Committees to fully take up the devolved Function of liquor licensing and drug control in their respective sub-counties, the Directorate trained the committees.

8. Corporate Governance Statement

Narok County Alcohol Directorate was established on 20th July 2016 and it subjects to and adheres to all the provisions and requirements of corporate governance.

The Narok County Alcohol Directorate Committee and Management entails rules and practices to ensure accountability, fairness and transparency in the directorate's relationships with its stakeholders. Narok County Alcohol Directorate stakeholders include the Devolution and Public administration, employees, public sector institutions, private sector institutions at the county level and the public.

This corporate governance framework also consists of explicit and implicit contracts between the Directorate and stakeholders for distribution of responsibility and rights; procedures for reconciling conflicting interests of stakeholders in accordance with their duties, privileges and roles; and procedures for proper supervision, control and information flow to serve as a system of checks and balances.

To ensure effective implementation, the Narok County Alcohol Directorate Committee has undergone several trainings on corporate governance which consisted of the following modules:

- a. Overview of Narok County Alcohol Dinks and regulations act of 2016
- b. The Concept & Principles of Corporate Governance
- c. The relationship and Roles of the Committee and Management
- d. Communication and reporting in Committees
- e. Effective Committees and Committee Meetings
- f. Performance Management Framework.
- g. Performance Contracting
- h. Risk Management
- i. Challenges Facing Committees in the county
- j. Ethical Issues facing Committees
- k. Practicum: Code of Conduct Best practices
- l. Action Planning, Evaluation and closure

Through this training, the Committee's capacity was built to ensure that Narok County Alcohol Directorate operations are geared towards application of principles and practices which are in the best interest of the population of Narok County. The Committee has also become more proactive in promoting issues of corporate fairness, transparency and accountability in the internal and external operations of the Authority. In order to ensure continual advancement towards the goal of an Alcohol-Free County, training on Corporate Governance has been incorporated as a priority activity for the Committee in the directorate's Work Plan 2023-24 and Performance Contract for FY 2022-2027.

9. Management Discussion and Analysis

During the financial year 2024/2025, the directorate was able to collect Kshs. 29,601,000 from issuance of licenses. Kshs. 29,000,480 was utilized on goods and services. The budget was 97% utilized as per our revenue target which was 29,601,000.

The directorate intends to carry out research on alcoholic and drug abuse within the county. The county government is also planning to begin constructing a rehabilitation centre to a tune of Kshs.50,000,000.

The directorate is in compliance through the county treasury with statutory requirements. This has enabled us strengthen our processes and to uphold integrity in discharging our mandate. The directorate has no pending bills as at the end of the financial year 2024/2025.

The major risk facing the fund, is the increase of illicit alcohol manufacturing. This menace has been on the rise within the most interior part of the county. With the help of National Government and Nacada, the directorate will be carrying out an enforcement exercise within the affected areas so as to minimize the manufacture of illicit alcohol.

10. Environmental and Sustainability Reporting

The directorate exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

ii) Environmental performance

The Narok County Alcohol Directorate defines the environmental performance as the integration of social and environmental considerations in how we conduct our programmes and day-to-day activities. We strive to always take our stakeholders' interests into account in our decision making.

iii) Employee welfare

This policy is applicable to all staff and provides them with the principles required to uphold the CSR policy. This policy applies across all of the Authority's operations, and is incorporated into our management, campaign strategy, daily decisions and actions.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Through our commitment, the Narok County Alcohol Directorate will act with integrity to improve the quality of life of our employees and the communities we serve. We will take the steps necessary to have a positive impact on our communities by actively encouraging our staff to recognize and behave in a responsible manner by setting of good examples as an important practice.

b) Responsible Supply chain and supplier relations

The Narok County Alcohol Directorate will be responsible for:

- Collaborative engagement with our suppliers, stakeholders, and local communities in setting priorities and implementing solutions pertaining to alcohol abuse.
- Developing mutually beneficial partnerships with suppliers and the communities we serve.

c) Responsible marketing and advertisement

Guiding Principles.

- Using its influence to encourage others to limit their negative and enhance their positive alcohol impacts
- Leveraging its resources, expertise, services and relationships for the benefit of our staff and the communities it serves.
- Working with its community partners/stakeholders and use its public voice to advance solutions to alcohol abuse in our communities.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

Corporate social responsibility (CSR) refers to a business or organization practice that involves participating in initiatives that benefit society. As customers' awareness about global social issues continues to grow, so does the importance these customers place on CSR when choosing where to shop or engage.

The Narok County Liquor Directorate Corporate Social Responsibility Vision Statement
"To build strong, resilient and sustainable communities free from alcohol abuse."

The Narok County Alcohol Directorate Corporate Social Responsibility Mission Statement
To lead and coordinate the fight against alcohol abuse through prevention, advocacy, policy development, research, treatment and rehabilitation programmes, and execution of relevant statutes in Narok County.

The Narok County Alcohol Directorate Policy Statement

Policy Objective- The CSR policy objective sets out the philosophy and guiding principles for the Narok County Alcohol Directorate's activities and programmes.

CSR Definition- the Narok County Alcohol Directorate defines CSR as the integration of social and environmental considerations in how we conduct our programmes and day-to-day activities. We strive to always take our stakeholders' interests into account in our decision making.

Audience and scope- This policy is applicable to all staff and provides them with the principles required to uphold the CSR policy. This policy applies across all of the Authority's operations, and is incorporated into our management, campaign strategy, daily decisions and actions.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Narok County Alcoholic Drinks Control affairs.

i) Principal activities

The principal activities of the Narok County Alcoholic Drinks Control are campaign against Alcohol abuse.

ii) Results

The results of the Narok County Alcoholic Drinks Control for the year ended June 30, 2025, are set out on page 1 to 42.

iii) Directors

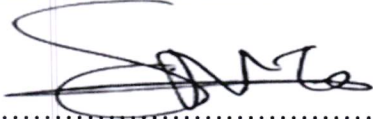
The members of the Management Committees who served during the year are shown on page vii.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

v) Auditors

The Auditor-General is responsible for the statutory audit of Narok County Alcoholic Drinks Control and Regulation Fund the in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



.....
Chairperson of the County Management committee

Date: 29th August 2025

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *(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. Section 81 of the Public Finance Management Act, 2012 and Narok county Alcoholic Drinks Regulation and Control Act of 20th July 2016 require the Directors to prepare financial statements in respect of the fund, which give a true and fair view of the state of affairs of the fund at the end of the financial year/period and the operating results of the fund for that year/period. The Directors are also required to ensure that the fund keeps proper accounting records which disclose with

Narok County Alcoholic Drinks Regulation and Control Fund
Annual Report and Financial Statements For the year ended 30th June 2025

reasonable accuracy the financial position of the fund. The Directors are also responsible for safeguarding the assets of the fund.

The Directors are responsible for the preparation and presentation of the funds 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 (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Narok County Alcoholic Drinks Control; (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 Narok County Alcoholic Drinks Control; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Funds 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 Narok county Alcoholic Drinks Regulation and Control Act of 20th July 2016. The Directors are of the opinion that the Narok County Alcoholic Drinks Control financial statements give a true and fair view of the state of Narok County Alcoholic Drinks Control transactions during the financial year ended June 30, 2025, and of the Narok County Alcoholic Drinks Control financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Narok, which have been relied upon in the preparation of the Narok County Alcoholic Drinks Control financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Directors to indicate that the Narok County Alcoholic Drinks Control 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 Narok County Alcoholic Drinks Regulation and Control Fund Financial statements were approved by the Narok County Management Committee on 29th August 2025 and signed on its behalf



.....

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 NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND 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 that 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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

Opinion

I have audited the accompanying transitional IPSAS financial statements of Narok County Alcoholic Drinks Regulation and Control Fund set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a

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

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, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Narok County Alcoholic Drinks Regulation and 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 (including the transitional provisions permitted under IPSAS 33) and comply with the Narok County Alcoholic Drinks Regulation, and Control Act, 2016, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No. 3 of April, 2025.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Fund in 2024/2025 revealed that the following four (4) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Presentation of the Financial Statements
2	2023/2024	Lack of approved Procurement Plan
3	2023/2024	Failure to Automate the License and Permit Application and Payment Process
4	2023/2024	Lack of Risk Management Strategies

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure To Prepare and Submit Quarterly Financial Reports

Available information revealed that during the year under review Management did not prepare and submit quarterly financial reports as required. This is contrary to Section 166 (1) and (3) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity; and not later than fifteen days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the County Treasury.

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

2. Officer In Acting Capacity Beyond the Stipulated Period

Review of the Fund's payroll records for the financial year 2024/2025 revealed that the Director in charge of the Narok County Alcoholic Drinks Regulation and Control Fund has been working in acting capacity for more than six (6) months. No explanation was provided by the Management on why the officer has not been confirmed to the position as the

substantive Director of the Fund. This is contrary to Section 34 (3) of the Public Service Commission Act, 2017 which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

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. Lack of Fraud and Risk Management Policies

Narok County Alcoholic Drinks Regulation and control fund did not have in place a fraud management policy to assist in detecting and preventing fraud during the year under review. Further, Management did not have a risk management policy or strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks contrary to Regulation 158 of the Public Finance Management (County Government Regulations) 2015.

In addition, it was noted that the County Executive lacks disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned disruption in service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure. Further, the management did not perform formal risk assessments during the financial year audited.

In the circumstances, Management may not therefore, be in a position to evaluate, rank and prioritize critical risks and channel adequate resources towards mitigating the identified risks.

2. Lack of a Board Charter

Review of the documentation and records provided for audit revealed that the Fund Management does not have a Board charter to guide its overall governance. This contrary to the provisions of Chapter 1 of the Mwongozo Code of Governance.

In the circumstances, the Fund may be able to properly define the role, responsibilities and functions of the Board in the governance of the Fund.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

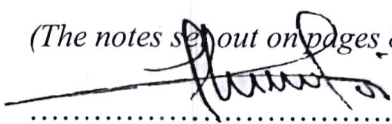
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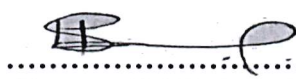
Narok County Alcoholic Drinks Regulation and Control Fund
 Annual Report and Financial Statements For the year ended 30th June 2025

14. 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		-	-
Transfers From the County Government		-	-
Fines, Penalties and licenses	8	29,601,000	27,025,538
		29,601,000	27,025,538
Revenue From Exchange Transactions			
Interest Income		-	-
Other Income		-	-
		-	-
Total Revenue		29,601,000	27,025,538
Expenses			
Employee Costs		-	-
Use of goods and services	12	29,000,480	27,028,171
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
Total Expenses		29,000,480	27,028,171
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		600,520	(2,633)

(The notes set out on pages 8 to 45 form an integral part of these Financial Statements)


 Name: LESALOI SAROI
 Administrator of the Fund


 Name: JOSEPHINE BABU
 Fund Accountant
 ICPAK Member Number:21351

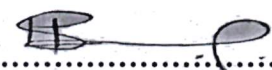
Narok County Alcoholic Drinks Regulation and Control Fund
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15. Statement of Financial Position As at 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	604,345	3,825
Total current assets		604,345	3,825
Non-Current Assets			
Total non- current assets		-	-
Total Assets (A)		604,345	3,825
Liabilities			
Current Liabilities			
Total current liabilities		-	-
Non-Current Liabilities			
Total Liabilities (B)		-	-
Net Assets (A-B)		604,345	3,825
Represented By:			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus			
Net Assets		604,345	3,825

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 25th August 2025 and signed by:


 Name: LESALOI SAROI


 Name: JOSEPHINE BABU
 Fund Accountant
 ICPAK Member Number:21351

Narok County Alcoholic Drinks Regulation and Control Fund
Annual Report and Financial Statements For the year ended 30th June 2025

16. 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 (Current FY)	-	-	3,825	3,825
Surplus/(Deficit) For the Period		-	600,520	600,520
Funds Received During the Year	-	-	-	-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June (2025)	-	-	604,345	604,345

Narok County Alcoholic Drinks Regulation and Control Fund
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17. Statement of Cash Flows for The Year Ended 30 June 2025

Description		2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Licenses	8	29,601,000	27,025,538
Total receipts		29,601,000	27,025,538
Payments			
Employee Cost		-	-
Use of Goods and Services	12	29,000,480	27,028,171
Total Payment		29,000,480	27,028,171
Net cash flows from operating activities	24	600,520	(2,633)
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		600,520	(2,633)
Cash and cash equivalents at 1 July		3,825	6,458
Cash and cash equivalents at 30 June	17	604,345	3,825

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

Narok County Alcoholic Drinks Regulation and Control Fund
Annual Report and Financial Statements For the year ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
License and permits	29,601,000	-	29,601,000	29,601,000	0.00	100%
Total Income	29,601,000	-	29,601,000	29,601,000	0	
Expenses						
Employee Cost		-				
Use of Goods and services	29,601,000	-	29,601,000	29,000,480	600,520	97%
Total Expenditure	29,601,000	-	29,601,000	29,004,080	600,520	97%
Surplus For the Period	-	-	-	600,520	-	
Capital expenditure	-	-	-	-	-	

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Narok county alcoholic Drinks Control and regulation is established by and derives its authority and accountability from 2016 Act. The Narok County Alcoholic Drinks Control is wholly owned by the County Government of Narok and is domiciled in Kenya. The Narok County Alcoholic Drinks Control principal activity is campaign against Alcohol abuse

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

	<i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45: Property Plant and Equipment	<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><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46: Measurement	<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. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></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-</p>

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	<p>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><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <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><i>State the expected impact of the standard to the Entity if relevant</i></p>

(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.)*

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 June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 29,601,000 on the FY 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.

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.

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs
- After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Provisions

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

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is

measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

Notes To the Financial Statements Continued

6. Public contributions and donations

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Donation From Development Partners	xxx	xxx
Contributions From the Public	xxx	xxx
Total	xxx	xxx

(Provide brief explanation for this revenue)

7. Transfers from County Government

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transfers From County Govt. –Operations	xxx	xxx
Payments By County On Behalf Of The Entity	xxx	xxx
Unconditional Development grants	xxx	xxx
Total	xxx	xxx

8. Fines, penalties and other levies

Description	2024/2025	2023/2024
	Kshs	Kshs
Levies and License	29,601,000	27,025,538
Fines	-	-
Total	29,601,000	27,025,538

9. Interest income

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Interest Income from Mortgage Loans	xxx	xxx
Interest Income From Car Loans	xxx	xxx
Interest Income From Investments in financial assets	xxx	xxx
Interest Income On Bank Deposits	xxx	xxx
Total Interest Income	xxx	xxx

(Provide brief explanation for this revenue)

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10. Other income

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Insurance Recoveries	xxx	xxx
Income from Sale of Tender Documents	xxx	xxx
Bad debts recovered	xxx	Xxx
Miscellaneous Income	xxx	xxx
Total Other Income	xxx	xxx

11. Employee Costs

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Salaries And Wages	xxx	xxx
Staff Gratuity	xxx	xxx
Staff Training Expenses	xxx	xxx
Social Security Contribution	xxx	xxx
Other (<i>Specify</i>)	xxx	xxx
Total	xxx	xxx

12. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Domestic travel and subsistence	5,231,725	5,882,051
Vetting	2,223,800	2,613,400
Committee Allowances	3,209,800	938,300
Media expenses	54,000.	-
Public participation and advocacy	3,324,000	4,981,000
Enforcement	4,148,500	3,308,600
Routine maintenance – vehicles and other transport	225,000	272,900

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Description	2024/2025	2023/2024
	Kshs.	Kshs.
equipment		
Fuel and Oil cost	-	-
Awareness, Treatment and counselling	3,840,800	5,669,700
Repairs and Maintenance-Other Assets	924,500	1,110,012
Office operation	1,664,100	2,235,566
Printing And Stationery	-	
Security Costs/Inspection cost	4,131,850	-
Telephone And Communication Expenses	-	-
Bank Charges	22,405	16,642
Total	29,000,480	27,028,171

13. Depreciation and Amortization Expenses

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Property Plant and Equipment	xxx	xxx
Intangible Assets	xxx	xxx
Total	xxx	xxx

14. Finance costs

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Interest On Bank Overdrafts	xxx	xxx
Interest On Loans From Banks	xxx	xxx
Total	xxx	xxx

15. Gain/(loss) on disposal of assets

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Property, Plant and Equipment	xxx	xxx
Intangible Assets	xxx	xxx
Total	xxx	xxx

16. Gain/ (loss) on Fair Value Investments

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Investments at Fair Value- Equity investments	xxx	Xxx
Fair value – Investment property	xxx	Xxx
Fair value- other financial assets (specify)	xxx	Xxx
Total Gain	xxx	Xxx

17. Cash and cash equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
On – Call Deposits	-	-
Current Account	604,345	3,825
Others (Specify)	-	-
Total Cash And Cash Equivalents	604,345	3,825

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

Financial Institution	Account Number	2024/2025	2023/2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		604,345	3,825
Bank B		-	-
Sub- Total		604,345	3,825
Grand Total		604,345	3,825

18. Receivables from exchange transactions

Description	Insert Current	Insert
	FY	Comparative
	Kshs	FY
	Kshs	Kshs
Current Receivables		
Interest Receivable	xxx	xxx
Current Loan Repayments Due	xxx	xxx
Other Exchange Debtors	xxx	xxx
Less: Impairment Allowance	(xxx)	(xxx)
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	xxx	xxx
Total Non- Current Receivables	xxx	xxx
Total Receivables From Exchange Transactions	xxx	xxx

Additional disclosure on interest receivable

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

19. Prepayments

Description	Insert Current	Insert
	FY	Comparative
	Kshs	Kshs
Prepaid Rent	xxx	xxx
Prepaid Insurance	xxx	xxx
Prepaid Electricity Costs	xxx	xxx
Other Prepayments (<i>Specify</i>)	xxx	xxx
Total	xxx	xxx

20. Inventories

Description	Insert Current	Insert Previous
	FY	FY
	Kshs	Kshs
Consumable Stores	xxx	xxx
Spare Parts And Meters	xxx	xxx
Catering	xxx	xxx

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Other Inventories (Specify)	xxx	xxx
Total Inventories	xxx	xxx

Detailed disclosure on inventories

	Insert Current FY	Insert Previous FY
Opening balance	xxx	xxx
Additional Inventory in the year	xxx	xxx
Inventory expensed in the year	xxx	xxx
Write-downs in the year	xxx	xxx
Others specify	xxx	xxx
Closing balance	xxx	xxx

21. Investments in financial assets

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

(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	Insert Current FY Kshs	Insert Previous FY Kshs
At the beginning of the year	xxx	xxx

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Purchase of investments in the year	xxx	xxx
Sale of investments during the year	(xxx)	(xxx)
Gain/(loss) in fair value of investments through surplus or deficit	xxx	xxx
At the end of the year	xxx	xxx

e) Shareholding in other entities

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

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

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22. Property, plant, and equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Rate	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July (Previous FY)	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	-	xxx
Disposals	(xxx)	(xxx)	(xxx)	-	-	(xxx)
Transfers/Adjustments	xxx	xxx	(xxx)	xxx	(xxx)	(xxx)
Revaluation Adjustments	xxx	xxx	xxx	xxx	xxx	xxx
At 30 th June (Previous FY)	xxx	xxx	xxx	xxx	xxx	xxx
At 1 st July (Current FY)						
Additions	xxx	xxx	xxx	xxx	-	xxx
Disposals	(xxx)	(xxx)	-	-	-	(xxx)
Transfer/Adjustments	(xxx)	(xxx)	xxx	xxx	(xxx)	(xxx)
Revaluation Adjustments	xxx	xxx	xxx	xxx	xxx	xxx
At 30 th June (Current FY)	xxx	xxx	xxx	xxx	xxx	xxx
Depreciation And Impairment						
At 1 st July (Previous FY)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Depreciation	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
Impairment	(xxx)	(xxx)	-	-	-	(xxx)
At 30 th June (Previous FY)	xxx	xxx	xxx	xxx	xxx	xxx
At 1 st July (Current FY)						
Depreciation	(xxx)	(xxx)	(xxx)	(xxx)	-	(xxx)
Disposals	xxx	xxx	-	-	-	xxx
Impairment	(xxx)	(xxx)	(xxx)	-	-	(xxx)
Transfer/Adjustment	xxx	xxx	(xxx)	(xxx)	xxx	xxx
At 30 th June (Current FY)	xxx	xxx	xxx	xxx	xxx	xxx
Net Book Values						
At 30 th June (Previous FY)	xxx	xxx	xxx	xxx	xxx	xxx
At 30 th June (Current FY)	xxx		xxx	xxx	xxx	xxx

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23. Intangible assets

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

24. Investment Property

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Disposal during the year	(xxx)	(xxx)
Depreciation	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
Gain/(loss) in fair value (if fair value is elected)	xxx	xxx
At end of the year	xxx	xxx

(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.

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25. Trade and other payables from exchange transactions

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

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

26. Provisions

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

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27. Borrowings

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Balance At Beginning of The Period	xxx	xxx
External Borrowings During the Year	xxx	xxx
Domestic Borrowings During the Year	xxx	xxx
Repayments of External Borrowings During the Period	(xxx)	(xxx)
Repayments of Domestic Borrowings During the Period	(xxx)	(xxx)
Balance At End of The Period	xxx	xxx

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	xxx	xxx
Sterling Pound Denominated Loan From 'Y Organization'	xxx	xxx
Euro Denominated Loan from Z Organization'	xxx	xxx
Domestic Borrowings		
Kenya Shilling Loan From KCB	xxx	xxx
Kenya Shilling Loan from Barclays Bank	xxx	xxx
Kenya Shilling Loan from Consolidated Bank	xxx	xxx
Borrowings From Other Government Institutions	xxx	xxx
Total Balance at End of The Year	xxx	xxx

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Short Term Borrowings (Current Portion)	xxx	xxx
Long Term Borrowings	xxx	xxx

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Total	xxx	xxx
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(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)

28. Employee benefit obligations

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

29. Social Benefit Liabilities

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Health social benefit scheme	xxx	xxx
Unemployment social benefit scheme	xxx	xxx
Orphaned and vulnerable benefit scheme	xxx	xxx
Elderly social benefit scheme	xxx	xxx
Bursary social benefits	xxx	xxx
Total	xxx	xxx
Current social benefits	xxx	xxx
Non- current social benefits	xxx	xxx
Total (tie to totals above)	xxx	xxx

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.

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30. Cash generated from operations.

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	600,520	3,825
Adjusted For:		
Depreciation		
Amortisation		
Gains/ Losses On Disposal Of Assets		
Interest Income		
Finance Cost		
Working Capital Adjustments		
Increase In Inventory		
Increase In Receivables		
Increase In Payables		
Net Cash Flow From Operating Activities	600,520	3,825

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	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transfers From Related Parties'	xxx	xxx
Transfers To Related Parties	xxx	xxx

c) Key management remuneration

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Board Of Trustees	xxx	xxx
Key Management Compensation	xxx	xxx
Total	xxx	xxx

d) Due from related parties

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Due From Parent Ministry	xxx	xxx
Due From County Government	xxx	xxx
Total	xxx	xxx

Other Disclosures Continued

e) Due to related parties

Description	Insert Current	Insert
	FY	Comparative FY
	Kshs	Kshs
Due To Parent Ministry	xxx	xxx
Due To County Government	xxx	xxx
Due To Key Management Personnel	xxx	xxx
Total	xxx	xxx

32. Contingent assets and contingent liabilities

Contingent Liabilities	Insert Current	Insert
	FY	Comparative FY
	Kshs	Kshs
Court Case Xxx Against the Fund	xxx	xxx
Bank Guarantees	xxx	xxx
Total	xxx	xxx

(Give details)

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	xxx	xxx	xxx	xxx
Receivables From Non-Exchange Transactions	xxx	xxx	xxx	xxx
Bank Balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 2021				
Receivables From Exchange Transactions	xxx	xxx	xxx	xxx
Receivables From Non-Exchange Transactions	xxx	xxx	xxx	xxx
Bank Balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

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

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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	xxx	xxx	xxx	xxx
Current Portion Of Borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Employee Benefit Obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June (Comparative FY)				
Trade Payables	xxx	xxx	xxx	xxx
Current Portion Of Borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Employee Benefit Obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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.

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

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).

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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	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve	xxx	Xxx
Revolving fund	xxx	Xxx
Accumulated surplus	xxx	Xxx
Total funds	xxx	Xxx
Total borrowings	xxx	Xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/(excess cash and cash equivalents)	xxx	Xxx
Gearing	xx%	xx%

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 2024 Act *Narok County Alcoholic Drinks Regulation and Control Fund* Its ultimate parent is the County Government of Narok .

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

20. Annexes

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

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status (Resolved/ Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
<p>1. Presentation of the Financial Statements</p>	<p>Review of the Fund’s financial statements revealed that the Fund Accountant’s Institute of Certified Public Accountants of Kenya (ICPAK) number has not been indicated in the signed financial statements.</p>	<p>The officer is due for completion on ICPAK registration.</p>	<p>Resolved</p>	
<p>2. Lack of Approved Procurement Plan</p>	<p>The Fund did not have an approved procurement plan during the year under review. This is contrary to Section 45(3)(a) of the Public Procurement and Asset Disposal Act, 2015 which states that All procurement</p>	<p>The audit plan was submitted for auditors</p>	<p>Resolved</p>	

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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>processes shall be - within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan.</p>			
<p>1. Failure to Automate the License and Permit Application and Payment Process</p>	<p>Review of the Fund's operational processes revealed that Management is yet to automate the licensing and permit application payment system. The process entails use of the manual applications and payments for the licenses. The manual system has weaknesses which make it difficult for the Fund to effectively manage the</p>	<p>The system is already automated</p>	<p>Resolved</p>	

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Reference No. of 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>application and payment for the services as well as ensure that all collections are properly accounted for. Automation of the systems of the licensing payment system will assist in the enhancement of the accountability for revenue and improve revenue collection by the Fund.</p>			
<p>2. Lack of Risk Management Strategies</p>	<p>The Fund did not have a risk management policy or strategy in place and therefore had no approved processes and guidelines on how to mitigate operational, legal and financial risks. This is contrary to Regulation 158(1) of the</p>	<p><i>The management agrees with the auditor's observation, the management would like to state that organization is in the final steps of formulating the strategic plan.</i></p>	<p>Not resolved</p>	<p>June 2026</p>

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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>Public Finance Management (County Governments) Regulations, 2015.</p> <p>In addition, the Fund lacks a disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned disruption in service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure. Further, Management did not perform formal risk assessments during the financial year</p>			

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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)
	audited.			

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Manager/Accounting Officer (Narok County Alcoholic Drinks Regulation and Control Fund)



Date.29 August 2025

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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 <i>[CC/SAGA/Fund]</i> (Kshs) as at 30 th June 20xx				Amount Received by <i>[beneficiary Fund]</i> (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 SignDate

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Annex III: Reporting of Climate Relevant Expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

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

