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REPORT

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THE AUDITOR-GENERAL

ON

**KIAMBU COUNTY ALCOHOLIC DRINKS
CONTROL FUND**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
17 DEC 2024
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KIAMBU COUNTY ALCOHOLIC DRINKS CONTROL FUND

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

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

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
ADC	Alcoholic Drinks Control
FY	Financial Year
CECM	County Executive Committee Member
ICPAK	Institute of Certified Public Accountants of Kenya

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

Kiambu County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from Kiambu County Alcoholic Drinks Control Act, (revised 2022) on 8th March, 2022. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

The fund's objective is to provide for a framework for the licensing and control of production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for persons dependent on alcoholic drinks.

The Fund's principal activity is to reduce and mitigate the negative health, social and economic impact and other costs on individuals and communities resulting from or associated with production, sale, supply, advertising and consumption of alcoholic drinks.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to

- i) Regulate alcohol production, distribution, advertisement, sale and consumption of alcohol in the County.
- ii) Licensing and enforcing the conditions of a licence granted under the Act.
- iii) Coordinate the establishment, implementation and the operations of alcohol treatment and rehabilitation facilities and programs.
- iv) Undertake public education, training sensitization or in any other manner disseminate information on matters relating to alcohol to the public in order to influence positive social development and responsible drinking culture.

c) Board of Trustees

The Fund has no Board of Trustees

d) Key Management Team

Ref	Name	Position
1	Dr. Margaret Ruinge	Fund Chairperson
2	Daisy Cheboi	Fund Administrator
3	Michael Kang'ethe	Director ADC
4	Peggy Mwanduka	Fund Accountant

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Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Kiambu County Internal Audit Committee
2	County Assembly	County Assembly Committee

f) Registered Offices

P.O. Box 2344-00900
County Headquarter Offices
Kiambu Nairobi Highway

g) Fund Contacts

Telephone: (254) 709877000
Email: info@kiambu.go.ke
Website: www.kiambu.go.ke

h) Fund Bankers

1. Cooperative Bank of Kenya
Kiambu Branch
P.O Box 1064-00900
Kiambu, Kenya
2. Family Bank Ltd
Kiambu Branch
P.O Box 74145-00200
Nairobi, Kenya

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney




Kiambu County
P.O BOX 2344-00900
Kiambu,
Kenya

Kiambu County Alcoholic Drinks Control Fund
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3. Board of Trustees

The fund has no Board of trustees.

4. Management Team

Name	Details of qualifications and experience
 <p>1. DR. MARGARET RUINGE</p>	<p>FUND CHAIRPERSON</p> <p>She is the County Executive Committee Member in charge of Administration and Public Service. She was born on 1959 and was appointed to this position in November 2017 by the previous County Government. She was reappointed to the position by the current government in November 2022. She holds a Doctor of Philosophy in Educational Administration.</p>
 <p>2. DAISY CHEBOI</p>	<p>FUND ADMINISTRATOR</p> <p>Born on 1st October 1975. She is currently the Chief Officer Administration.</p> <p>She holds an MBA and a Bachelor's degree in Administration.</p> <p>She has worked in TSC since 2007-2023.</p>
 <p>2. MICHAEL KANG'ETHE</p>	<p>DIRECTOR ALCOHOLIC DRINKS CONTROL FUND</p> <p>Born on 1st September, 1969. He's a holder of a Master's degree in counselling psychology and a Bachelor of Arts degree. He has 10 years experience in teaching and 13 years in Administration. He is currently the Director Alcoholic Drinks Control fund since July 2014.</p>

Kiambu County Alcoholic Drinks Control Fund

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3. PEGGY MWANDUKA

FUND ACCOUNTANT

Born on 10th Feb 1992. She's is holder of a Bachelor's degree in Business Management- Accounting option, and a certified public accountant of Kenya. She's a member of the Institute of Certified Public Accountants of Kenya(ICPAK) .She has over 6 years experience.

**Kiambu County Alcoholic Drinks Control Fund
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5. Fund Chairperson's Report

The Kiambu County Alcoholic Drinks Control Fund was operationalised in the year 2013 in compliance with the provisions of the PFM Act 2012. The Kiambu County Alcoholic Drinks Control Act 2018 was revised in 2022.

The current management of the fund is composed of the County Executive Committee Member – Administration and Public Service, Chief Officer- Administration, Director Alcoholic Drinks Control and the Fund Accountant. There was change in the current management team of the fund as a new Chief Officer Administration was brought on board and took over office from the month of August 2024.


The fund comprises of monies collected as application fees and license fees and money appropriated by the County Assembly.

There has been an increase in the revenue collected from liquor licenses in Financial Year 2023-2024 compared to the previous Financial Year (2022-2023). Public participation forums were conducted and members of the public were engaged to ensure the County is free from alcohol abuse. During the reporting period several public education meetings were conducted in all the 12 sub counties.

Compliance to the Kiambu County Alcoholic Drinks Control Act (Revised) 2022 especially by the county treasury will greatly impact the future outlook of the fund. To be able to implement projects and programs of the fund there is need for adequate budgetary allocation. The county treasury needs to fully comply with the provisions of section 12(5) of the Kiambu County Alcoholic Drinks Control Act (Revised 2022).

The Directorate of Alcoholic Drinks Control will engage relevant government agencies and stakeholders and give recommendations on Kiambu County Alcoholic Drinks Control Bill, 2024. This will lead to tabling of the Bill before Kiambu County Assembly for discussion and adoption.

In conclusion, as a Fund we commit to undertake projects and programs towards meeting the objectives of the fund.

DR. MARGARET RUINGE Signature.....  Date... 15/11/24

Chairperson of the Fund

**Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

6. Report of The Fund Administrator

- Revenue collected from liquor licenses for FY 2023-2024 amounted to Kshs. **276,875,159**. The performance of actual amounts of Revenue from liquor licenses against the budget in the Directorate is 79% with a variance of 21%.

Item	Budget	Actual	Performance difference (a-b)	Utilization (b/a)*100
	Kshs.	Kshs.	Kshs.	%
Fines, penalties and levies	350,000,000	276,875,159	73,124,841	79%

- The Directorate organized 20 public education meetings in all the twelve Sub counties. The forums were organized in order to educate the public on the dangers of alcohol and substance abuse. The meetings were also used as a feedback mechanism on the licensing of alcoholic drinks outlets.
- During the inspections for licensing of alcoholic drinks outlets and operates the Directorate conducted 5 public participation meetings in order to listen to public views, objections and petitions.
- In the year 2024, 5312 operators applied to be allowed to operate, 4438 applicants were licensed to operate while 874 operators were denied licenses to operate.
- Through multi agency enforcement the Directorate has managed to crackdown on brewing of illicit brews, counterfeit and substandard alcohol throughout the county Raids and crackdowns are conducted daily in Chang'aa and Kangara illicit brews along River Makwa and Chania among other areas.
- The Directorate teamed up with the National Government in ensuring that all the outlets near schools and in residential areas were closed. This was in line with the directive issued by the Ministry of Interior and National Government.
- The Directorate had identified construction of rehabilitation and treatment Centre at Gatune Centre, Nachu Ward of Kikuyu Sub County. The Directorate organized for a public participation with a view to construct the County Referral Rehabilitation and Treatment Centre. There is more consultation on the ownership of a disputed public land that is being addressed.

WAYFORWARD

- Operationalize Alcoholic Drinks Control Fund by ensuring that the money meant to enforce Kiambu County Alcoholic Drinks Control Act, Revised 2022 is in the Fund Account. The money will also be used in other functions of the Directorate.
- Intensify enforcement on non-compliant alcoholic traders as well as the illicit brewers. Continue to sensitize enforcement officers as well as the multiagency team. The enforcement teams require vehicles in order to succeed.
- Ensure the County Government enforcement officers take a lead in apprehending offenders. The officers should be accompanied by armed police officers. Stiff measures should be taken on corrupt officers.
- Finalize Kiambu County Alcoholic Drinks Control Bill, 2024 so as to address some of the gaps identified that continue to stifle the fight against alcoholism and drug abuse.
- Continue working closely with alcoholic drinks traders with a view to enhance self-regulation and self-policing.
- Organize several meetings with Judiciary and law enforcers so that there is a common goal and team work as far as the fight against alcohol abuse is concerned.
- Identify community based organizations and Faith based organizations that will assist in rehabilitation and treatment programs.

CHALLENGES

- Late/non-remittance of money by the County Treasury into Alcoholic Drinks Control Fund thereby stifling operations of the Directorate.
- Corruption from the police officers/ enforcement officers who collude with non-compliant alcoholic drinks traders thereby making it difficult for County Government to enforce compliance
- Proliferation of wines and spirits due to change in alcohol business during the outbreak of Covid 19 pandemic. Owners of these outlets have wholesale license thereby required to sell in bulk but continue to adulterate alcoholic drinks. This has been addressed by the Kiambu County Alcoholic Drinks Bill, 2024 which has introduced retail wines and spirits outlets with limited hours of operation between 5pm and 11pm.

Kiambu County Alcoholic Drinks Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

- Lack of finances to conduct rehabilitation and treatment programs. The County Treasury had allocated Kes 50,000,000(fifty million) toward the construction of the County Referral Rehabilitation and Treatment Centre. This was not utilized owing to technicalities in land acquisition at Gatune Centre of Nachu Ward in Kikuyu.
- Illicit brewing along Rivers Makwa, Chania, Thiririka, Athi among others continues to hamper the fight against alcoholism. Multiagency enforcement teams continue to fight this menace.
- The judiciary has frustrated the fight against alcohol and drug abuse by giving lenient fines to offenders.
- Mobility for the enforcement officers so as to ensure continuous enforcement exercise and compliance.
- An increase of litigations after many outlets were recommended for closure by the County Appeals Committee.

Kiambu County Alcoholic Drinks Control Fund

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

Introduction

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

The key development objectives of the Fund as per the strategic plan for *FY 2023-2024* are to:

- a) To ensure that all applicants of alcoholic drinks licenses are inspected and granted licenses in accordance with the Kiambu County Alcoholic Drinks Control Act, Revised 2022.
- b) To carry out public education and awareness on Alcohol and substances abuse directly or in collaboration with other public, private, bodies and institutions and community based organizations
- c) To carry out public participation meetings in the control of alcohol and substance abuse.
- d) To coordinate in the enforcement of the Kiambu County Alcoholic Drinks Control Act, Revised 2022

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Inspection of Alcoholic Drinks outlets for licensing	To ensure all Alcoholic Drinks Traders are inspected and granted licenses in accordance with ADC Act (Revised, 2022)	Number of alcoholic drinks licenses successfully applied	5312 Alcoholic Drinks Traders applied for licenses	During FY 2023-2024, Alcoholic Drinks Traders accessed licenses for their outlets.
Public education and awareness on Alcohol and substance abuse	To sensitize the public on the dangers of alcohol and substance abuse.	Number of public education meetings held.	20 public education meetings were held in the county.	During FY 2023-2024, several public education meetings were held and the public was sensitized on Alcohol and substance abuse.
Public participation in prevention of alcohol abuse	To engage the public in prevention and control of alcohol abuse	Number of public participation meetings held.	5 public participation meetings were held in the county.	During FY 2023-2024, the public were engaged and participated in meetings held across the County
Enforcement and crackdown on illicit brewing.	Reduce illicit brews, counterfeits and substandard alcohol	Reduce illicit brews, counterfeits and substandard alcohol.	15% reduction of illicit brews.	During FY 2023-2024, enforcement and crackdown on illicit brewing was conducted in the county.

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8. Corporate Governance Statement

The fund does not consist of Board members hence no board meetings were held. The fund is administered by the management team. There are various committees established under this Act. The Sub County Alcoholic Drinks Regulatory Committees established in section 16 (1) of Kiambu County Alcoholic Drinks Control Act, revised 2022 are among the major committees that hold various meetings throughout the year.

9. Management Discussion and Analysis

The Kiambu County Alcoholic Drinks Control Fund operations are being guided by Kiambu County Alcoholic Drinks Control Act (revised 2022) and also comply with the provisions of the PFM Act 2012. The purpose of the Fund is to meet the capital and recurrent expenditure as spelt out in Kiambu County Government Alcoholic Drinks Control Act (revised 2022)

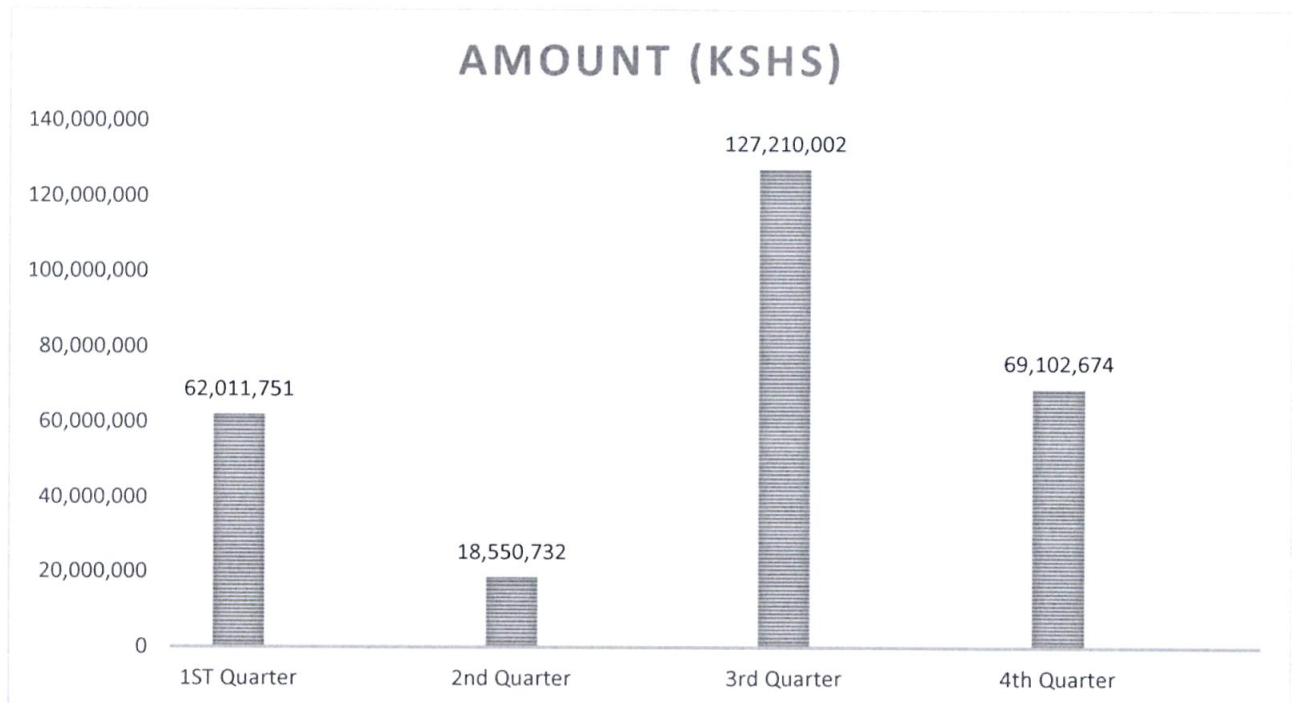
- Inspections and licensing of alcoholic drinks outlets were carried out as provided for in the Kiambu County Alcoholic Drinks Control Act (Revised 2022) for the year under review.
- The Directorate coordinated and supervised operations of the Sub County Alcoholic Drinks Regulatory Committees during the year under review.
- The Directorate undertook elaborate public education and awareness meetings with Alcoholic Drinks Traders sensitizing them on provisions of the Kiambu County Alcoholic Drinks Act (Revised 2022) and also on how to detect counterfeit alcoholic drinks in all the 12 sub counties.
- The Directorate through the sub county Alcoholic Drinks Regulatory Committees engaged the public during the licensing process in accordance with the Kiambu county Alcoholic Drinks Control Act (Revised 2022).
- There was effective management on enforcement for purposes of compliance with the provisions of the Kiambu county Alcoholic Drinks Control Act (Revised 2022).
- The Directorate in collaboration with the National Police Service sustained crackdown on substandard, counterfeit and illicit brews throughout the year in all the 12 sub counties leading to a decline in production, distribution, sale and consumption of the brews.
- The Directorate was actively involved in the coming up with the proposed Alcoholic Drinks Control Bill 2024.
- The Kiambu County Appeals Committee deliberated and expeditiously dealt with appeal cases across the county.
- The Directorate continued to support Kiambu County Enforcement Co-ordination Committee that is tasked with enforcement and compliance. Multiagency sub county committees have continually dealt with non-compliant traders.

Kiambu County Alcoholic Drinks Control Fund
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- The Directorate prepared and submitted biannual status reports on licensing, impact on licensing, compliance with licensing conditions and public awareness of Alcoholic Drinks control.
- The amount of revenue collected from liquor licenses collected for the FY 2023-2024 is Kshs 276,875,159.

The table below shows the amount of revenue collected.

DETAILS	AMOUNT (KSHS)
1 st Quarter	62,011,751
2 nd Quarter	18,550,732
3 rd Quarter	127,210,002
4 th Quarter	69,102,674
TOTAL	276,875,159



10. Environmental and Sustainability Reporting

The purpose of Kiambu County Alcoholic Drinks Control Act, Revised 2022 is to provide for a framework for the licensing and control of production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for person's dependent on alcoholic drinks.

Licensing and control of production, sale, distribution, promotion and use of alcoholic drinks were regulated accordingly. Other activities such as staff training and development, rehabilitation programs were adversely affected due to limited funding.

**Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

11. Report of The Management

The Management submits its report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are

- (i) Regulate alcohol production, distribution, advertisement, sale and consumption of alcohol in the County.
- (ii) Licensing and enforcing the conditions of a licence granted under the Act.
- (iii) Coordinate the establishment, implementation and the operations of alcohol treatment and rehabilitation facilities and programs.
- (iv) Undertake public education, training sensitization or in any other manner disseminate information on matters relating to alcohol to the public in order to influence positive social development and responsible drinking culture.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1-7


Trustees

The fund did not have a Board of Trustees during the year under review.

Auditors

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

By Order of the Management

..... 

DR. MARGARET RUINGE

Fund Chairperson & CECM Administration and Public Service

Date:15/11/24.....

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 Kiambu County Government Alcoholic Drinks Control Act, (revised 2022); 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, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the 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 Kiambu County Government Alcoholic Drinks Control Act, (revised 2022). 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, 2024, 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.

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

Approval of the financial statements

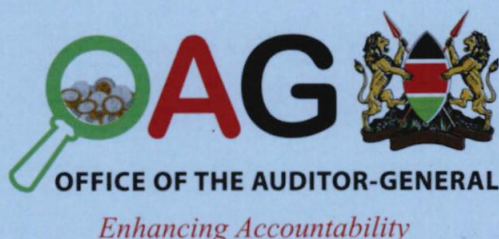
The Fund's financial statements were approved by the Management on 15/11 2024 and signed on its behalf by:

Daisy Chebet
.....
Dh
.....

Administrator- Alcoholic Drinks Control Fund

REPUBLIC OF KENYA

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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 KIAMBU COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kiambu County Alcoholic Drinks Control Fund set out on pages 1 to 40, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of cash flows,

Report of the Auditor-General on Kiambu County Alcoholic Drinks Control Fund for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kiambu County Alcoholic Drinks Control Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Kiambu County Alcoholic Drinks Control Act, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 20 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.44,590,277. Review of the trade and other payables ageing analysis revealed that the balance had been outstanding for over five (5) years. Further and previously reported, an amount of Kshs.6,163,048 for statutory deductions had not been remitted to various statutory bodies.

In the circumstances, the long outstanding payables may expose the Fund to litigation charges resulting to additional costs.

2. Failure to Recognize Own Generated Revenue from Liquor Licensing

The statements of financial performance reported revenue from fines, penalties and other levies totalling Kshs.276,875,159 as disclosed in Note 3 to the financial statements. However, the Receiver of Revenue Kiambu County reported collecting and receipting amounts totalling Kshs.277,182,000 from liquor revenue resulting in an unexplained variance of Kshs.306,841. Further, the statement of financial performance and Note 7(b) to the financial statements reflects transfers to the County Revenue Fund of Kshs.276,820,684 as liquor revenue collected and paid into the County Revenue Account instead of retaining the revenue for the purposes of the Fund.

In the circumstances, the accuracy of revenue from fines, penalties and other levies totalling Kshs.276,875,159 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual amount on comparable basis amounting to Kshs.432,000,000 and Kshs.308,875,159 respectively resulting in under-collection of revenue amounting to Kshs.123,124,841 or 29% of the budget. Similarly, the statement reflects final expense budget and actual amount on comparable basis totalling Kshs.432,000,000 and Kshs.301,941,787 respectively resulting in an underperformance amounting to Kshs.130,058,213 or 30% of the budget.

The under collection and underutilization affected the planned activities and may have impacted negatively on service delivery to the Kiambu residents.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Audit Issues

In the audit report of the previous year, several matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources which have remained unresolved.

Other Information

The Management is responsible for the other information set out on pages iii to xix which comprise of Key Entity Information and Management, Board of Trustees, Management Team, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Management and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Construct a Treatment and Rehabilitation Center

Analysis of the Kiambu County Alcoholic Drinks Control Fund's budget and workplan for the year under review revealed that the Fund Management allocated Kshs.50,000,000 for construction of a Rehabilitation and Treatment Center. Further review of the statement of financial performance revealed that the Fund received total revenue of Kshs.308,875,159 hence the Fund ought to have budgeted Kshs.92,662,548 for construction of a Rehabilitation and Treatment Center which is equivalent to thirty percent of the total funds received as stipulated in Section 12(3) of the Act. Reasons for the under budgeting were not provided for audit. In addition, there was no evidence that the Fund Management had constructed a rehabilitation center yet funds were set out in the budget.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the 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 for 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

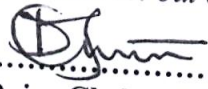
27 December, 2024

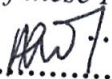
**Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	Period ended June	Period ended June
		30 th 2024	30 th 2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	32,000,000	31,300,000
Fines, Penalties and Other Levies	3	276,875,159	133,529,837
		308,875,159	164,829,837
Revenue From Exchange Transactions			
Interest Income	4	0	0
Other Income	5	0	0
		0	0
Total Revenue		308,875,159	164,829,837
Expenses			
Employee costs	6	0	0
Use of goods and services	7a	25,121,103	29,452,940
Transfer to county	7b	276,820,684	133,721,837
Finance costs	8	0	0
Total Expenses		301,941,787	163,174,777
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	0	0
Gain /Loss on fair value of investments	11	0	0
Surplus/(Deficit) for the Period		6,933,372	1,655,060

(The notes set out on pages 19 to 38 form an integral part of these Financial Statements)


.....
Daisy Cheboi
Administrator of the Fund


.....
Peggy Mwanduka
Fund Accountant
ICPAK Member Number: 26469

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position as at 30 June 2024

Description	Note	Period ended	Period ended
		June 30 th 2024	June 30 th 2023
		Ksh.	Ksh.
Assets			
Current Assets			
Cash and Cash Equivalents	12	14,140,770	7,207,398
Current Portion of Long- Term Receivables From Exchange Transactions	13	0	0
Prepayments	14	0	0
Inventories	15	0	0
Investments in financial assets	16	0	0
Total current assets		14,140,770	7,207,398
Non-Current Assets			
Property, Plant and Equipment	17	0	0
Intangible Assets	18	0	0
Long Term Receivables from Exchange Transactions	13	0	0
Investment Property	19	0	0
Total non- current assets		0	0
Total Assets (A)		14,140,770	7,207,398
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	44,590,277	44,590,277
Current provisions	21	0	0
Current Portion of Borrowings	22	0	0
Employee Benefit Obligations	23	0	0
Social benefit liabilities	24	0	0
Total current liabilities		44,590,277	44,590,277
Non-Current Liabilities			
Non-Current Provisions	21	0	0
Long Term Portion of Borrowings	22	0	0

Kiambu County Alcoholic Drinks Control Fund
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Description	Note	Period ended	Period ended
		June 30 th 2024	June 30 th 2023
		Kshs	Kshs
Non-Current Employee Benefit Obligation	23	0	0
Social benefit liabilities	24	0	0
Total Liabilities (B)		44,590,277	44,590,277
Net Assets (A-B)		(30,449,507)	(37,382,879)
Represented By:			
Revolving Fund		0	0
Reserves		0	0
Accumulated Surplus		(30,449,507)	(37,382,879)
Net Assets		(30,449,507)	(37,382,879)

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 15/11 2024 and signed by:



.....
Daisy Cheboi
Administrator of the Fund



.....
Peggy Mwanduka
Fund Accountant
ICPAK Member Number: 26469

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving	Revaluation	Accumulated	Total
	Fund	Reserve	Surplus	
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	0	0	(37,467,098)	(37,467,098)
Prior year adjustments			(1,570,841)	(1,570,841)
Surplus/(Deficit) For the Period	-	-	1,655,060	1,655,060
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	(37,382,879)	(37,382,879)
Balance As At 1 July 2023	-	-	(37,382,879)	(37,382,879)
Surplus/(Deficit) For the Period	-	-	6,933,372	6,933,372
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	(30,449,507)	(30,449,507)

Kiambu County Alcoholic Drinks Control Fund**Annual Report and Financial Statements for the year ended June 30, 2024****17. Statement of Cash Flows for The Year Ended 30 June 2024**

Description	Note	Period ended June 30th 2024	Period ended June 30th 2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	0	0
Transfers from the county government	2	32,000,000	31,300,000
Fines, penalties and other levies	3	276,875,159	133,529,837
Receipts from other operating activities		0	0
Total receipts		308,875,159	164,829,837
Payments			
Employee costs	6	0	0
Use of goods and services	7a	25,121,103	29,452,940
Transfer to CRF	7b	276,820,684	133,721,837
Total payments		301,941,787	163,174,777
Cash flows from operating activities		6,933,372	1,655,060
Adjusted for:			
Decrease/(increase) in Accounts receivable		0	5,360,000
Decrease/(increase) in Accounts payable		0	1,570,841
Prior Year Adjustments		0	-1,570,841
Net cash flows from operating activities	25	6,933,372	7,015,060
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		0	0
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		0	0
Net cash flows used in investing activities		0	0

Kiambu County Alcoholic Drinks Control Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash equivalents		6,933,372	7,015,060
Cash and cash equivalents at 1 July		7,207,398	192,338
Cash and cash equivalents at 30 June		14,140,770	7,207,398

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	0	0	0	0	0	
Transfers From County Govt.	82,000,000	0	82,000,000	32,000,000	50,000,000	39%
Fines, penalties and other Levies	350,000,000	0	350,000,000	276,875,159	73,124,841	79%
Other Income	0	0	0	0	0	
Total Income	432,000,000	0	432,000,000	308,875,159	123,124,841	71%
Expenses						
Use of goods and services	32,000,000	0	32,000,000	25,121,103	6,878,897	79%
Transfer to CRF	350,000,000	0	350,000,000	276,820,684	73,179,316	79%
Finance Cost	0	0	0	0	0	
Capital expenditure	50,000,000	0	50,000,000	0	50,000,000	0%
Total Expenditure	432,000,000	0	432,000,000	301,941,787	130,058,213	70%
Surplus For the Period	0	0	0	6,933,372	-6,933,372	

Budget notes

There was underutilisation of Transfers from County Government and Use of goods and services as half of the budgeted funds was disbursed towards the end of the Financial Year.

There was poor performance realization from Fines, penalties and other levies (Liquor licenses) were issued late in the Financial Year under consideration.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kiambu County Alcoholic Drinks Control Fund entity is established by and derives its authority and accountability from Kiambu County Alcoholic Drinks Control Act, Revised 2022. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity’s principal activity is to reduce and mitigate the negative health, social and economic impact and other costs on individuals and communities resulting from or associated with production, sale, supply, advertising and consumption of alcoholic drinks.

To provide for a framework for the licensing and control of production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for person’s dependent on alcoholic drinks.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that</p>

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	<p>leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<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>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Kiambu County Alcoholic Drinks Control Fund
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<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i> 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>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> 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>

(i) Early adoption of standards

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

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Kiambu County Alcoholic Drinks Control Fund
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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.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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.

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.

**Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From The Public	0	0
Total	0	0

2. Transfers from County Government

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Transfers From County Govt. –Operations	32,000,000	31,300,000
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
Total	32,000,000	31,300,000

3. Fines, penalties and other levies

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Bar operation fees	276,875,159	133,529,837
Fines	0	0
Total	276,875,159	133,529,837

4. Interest income

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Interest Income from Mortgage Loans	0	0
Interest Income From Car Loans	0	0
Interest Income From Investments in financial assets	0	0
Interest Income On Bank Deposits	0	0
Total Interest Income	0	0

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

5. Other income

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Insurance Recoveries	0	0
Income from Sale of Tender Documents	0	0
Bad debts recovered	0	0
Miscellaneous Income	0	0
Total Other Income	0	0

6. Employee Costs

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other	0	0
Total	0	0

7. (a) Use of Goods and Services

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs.	Kshs.
General Office Expenses	72,900	62,580
Catering Services Costs	660,000	1,427,000
Committee allowances	8,219,000	27,168,700
Printing And Stationery	450,000	357,705
Public education	5,578,000	0
Telephone And Communication Expenses	73,500	40,000
Bank Charges	184,903	57,240

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs.	Kshs.
Hospitality	617,895	329,715
Public participation	6,070,500	0
Workshop costs	3,138,700	0
Fuel	5,705	10,000
Enforcement	50,000	0
Other expenses	0	0
Total	25,121,103	29,452,940

7 (b) Transfer to CRF

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs.	Kshs.
Transfer to CRF	276,820,684	133,721,837
Total	276,820,684	133,721,837

8. Depreciation and Amortization Expense

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

9. Finance costs

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/(loss) on disposal of assets

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

11. Gain/ (loss) on Fair Value Investments

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

12. Cash and cash equivalents

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Car Loan Account	0	0
County Mortgage Account	0	0
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	14,115,745	7,207,398
Receiving account	25,025	0
Total Cash And Cash Equivalents	14,140,770	7,207,398

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

Financial Institution	Account number	Period ended June 30 th 2024	Period ended June 30 th 2023
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
Sub- Total		0	0
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
Sub- Total		0	0
c) Current Account			
Family Bank	001000041973	14,115,745	7,207,398
Cooperative Bank	0141371543516	25,025	0
Sub- Total		14,140,770	7,207,398
d) Others(Specify)			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		14,140,770	7,207,398

13. Receivables from exchange transactions

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	0	0
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	0	0

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Interest Receivable		
Interest Receivable	0	0
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
Current loan repayments due		
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0

14. Prepayments

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (<i>Specify</i>)	0	0
Total	0	0

15. Inventories

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (Specify)	0	0
Total Inventories at The Lower of Cost and Net Realizable Value	0	0

**Kiambu County Alcoholic Drinks Control Fund
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Notes to the Financial Statements Continued

16. Investments in financial assets

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b. Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
c. Equity investments (specify)		
Equity/ shares	0	0
Sub- total	0	0
Grand total	0	0

Movement of Equity Investments

Impairment allowance/ provision	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	0	0
Gain/(loss) in fair value of investments through surplus or deficit	0	0
At the end of the year	0	0

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Period ended June 30 th 2024	Period ended June 30 th 2023
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
	0	0	0	0	0	0

Kiambu County Alcoholic Drinks Control Fund
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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2022	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0
At 30th June 2023	0	0	0	0	0
At 1st July 2023					
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
At 30th June 2024	0	0	0	0	0
Depreciation And Impairment					
At 1 st July 2022	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30th June 2023	0	0	0	0	0
At 1st July 2023					
Depreciation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Transfer/Adjustment	0	0	0	0	0
At 30th June 2024	0	0	0	0	0
Net Book Values					
At 30th June 2023	0	0	0	0	0
At 30th June 2024	0	0	0	0	0

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Cost		
At Beginning of The Year	0	0
Additions	0	0
At End of The Year	0	0
Amortization And Impairment		
At Beginning of The Year	0	0
Amortization	0	0
At End of The Year	0	0
Impairment Loss	0	0
At End of The Year	0	0
NBV	0	0

19. Investment Property

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
At beginning of the year	0	0
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
Gain/(loss) in fair value (if fair value is elected)	0	0
At end of the year	0	0

Kiambu County Alcoholic Drinks Control Fund
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Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	Period ended June 30 th 2024		Period ended June 30 th 2023	
	Kshs		Kshs	
Trade Payables	44,590,277		44,590,277	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	44,590,277		44,590,277	
Ageing analysis (Trade and other payables)	Period ended June 30th 2024	% of the Total	Period ended June 30th 2023	% of the Total
Under one year	0	0	0	0
1-2 years	0	0	0	0
2-3 years	0	0	0	0
Over 3 years	44,590,277	100%	44,590,277	100%
Total	44,590,277	100%	44,590,277	100%

21. Provisions

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

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

22. Borrowings

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Balance At 1st July 2023	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments of External Borrowings During the Period	0	0
Repayments of Domestic Borrowings During the Period	0	0
Balance At 30th June 2024	0	0

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

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0
Domestic Borrowings		
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at 30th June 2024	0	0

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

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

24. Social Benefit Liabilities

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total	0	0

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

25. Cash generated from operations.

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	6,933,372	10,804,219
Adjusted For:		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance Cost	0	0
Working Capital Adjustments		
Increase In Inventory	0	0
Increase In Receivables	0	(5,360,000)
Increase In Payables	0	1,570,841
Net Cash Flow From Operating Activities	6,933,372	7,015,060

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Transfers From Related Parties'	32,000,000	31,300,000
Transfers To Related Parties	276,820,684	133,721,837

c) Key management remuneration

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

Kiambu County Alcoholic Drinks Control Fund
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Other Disclosures Continued

e) Due to related parties

Description	Period ended June 30th 2024	Period ended June 30th 2023
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

27. Contingent assets and contingent liabilities

Contingent Liabilities	Period ended June 30th 2024	Period ended June 30th 2023
	Kshs	Kshs
No Court Case Against the Fund	0	0
Bank Guarantees	0	0
Total	0	0

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

28. 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 2024				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	14,140,770	0	0	0
Total	14,140,770	0	0	0
At 30 June 2023				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	7,207,398	0	0	0
Total	7,207,398	0	0	0

**Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

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

The 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 2024				
Trade Payables	0	0	44,590,277	44,590,277
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	44,590,277	44,590,277
At 30 June 2023				
Trade Payables	0	0	44,590,277	44,590,277
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	44,590,277	44,590,277

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

Kiambu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
June 30th 2024			
Euro	10%	0	0
USD	10%	0	0
June 30th 2023			
Euro	10%	0	0
USD	10%	0	0

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

Kiambu County Alcoholic Drinks Control Fund
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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	Period ended June 30 th 2024	Period ended June 30 th 2023
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	(30,449,507)	(37,382,879)
Total funds	(30,449,507)	(37,382,879)
Total borrowings	0	0
Less: cash and bank balances	14,140,770	7,207,398
Net debt/(excess cash and cash equivalents)	(44,590,277)	(44,590,277)
Gearing	68%	84%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The Kiambu County Alcoholic Drinks Control Fund is a County Public Fund established by Kiambu County Alcoholic Drinks Control Act, Revised 2022 under the Department of Administration. Its ultimate parent is the County Government of Kiambu.

31. Currency

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

**Kiambu County Alcoholic Drinks Control Fund
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20. Annexes

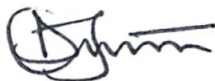
Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. of the external audit Report	Issue/ Observations from Auditor	Management comments	Status	Timeframe
OAG/NRO/KC E-ADCF/2022/2023(19) FINANCIAL STATEMENTS (1)	Inaccuracies in the Statement of Cash Flows	The inconsistencies were corrected and supported in the Management response to the Assembly.	Not Resolved Awaiting to meet with Assembly to deliberate on the issue.	Immediately after deliberation.
OAG/NRO/KC E-ADCF/2022/2023(19) (2)	Unreconciled Cash and Cash Equivalents	Supporting documents were attached in the Management response to the Assembly.	Not Resolved Awaiting to meet with Assembly to deliberate on the issue.	Immediately after deliberation.
OAG/NRO/KC E-ADCF/2022/2023(19) LAWFULNESS AND EFFECTIVENESS (1)	Failure to adhere to the Annual Budget and Work plan	Sub county Alcoholic Drinks Regulatory committees were gazetted in the third quarter hence some of the year marked activities in the budget could not be conducted.	Not Resolved. Management Response was sent to Assembly. Awaiting to meet with Assembly to deliberate on the issue.	Immediately after deliberation.
OAG/NRO/KC E-ADCF/2022/2023(19) (2)	Over Expenditure on Fund Administration Expenses	We have proposed amendments of the ADC Act to be able to take care of the expenses for Regulatory committees as they are vital to the basic functions of the Fund.	Not Resolved Management Response was sent to Assembly. Awaiting to meet with Assembly to deliberate on the issue.	Immediately after deliberation.
OAG/NRO/KC E-ADCF/2022/2023(19) (3)	Long outstanding Trade and Other Payables	Lack of adequate funding	Not Resolved Management Response was sent to Assembly. Awaiting to meet with Assembly to	Immediately after deliberation.

**Kiambu County Alcoholic Drinks Control Fund
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Reference No. of the Annual Audit Report	Description from Auditor	Management Comments	Reply	Timeframe
			deliberate on the issue.	
OAG/NRO/KC E-ADCF/2022/2023(19) (4)	Failure to Allocate Funds for Treatment and Rehabilitation Services Programs	Lack of adequate funding	Not Resolved. Management Response was sent to Assembly. Awaiting to meet with Assembly to deliberate on the issue.	Immediately after deliberation, in the subsequent years.
OAG/NRO/KC E-ADCF/2022/2023(19) (5)	Irregular Transfers to the County Revenue Fund	Decisions regarding the transfer of funds are made by the County Treasury.	Not Resolved. Management Response was sent to Assembly. Awaiting to meet with Assembly to deliberate on the issue.	Immediately after deliberation.



Fund Administrator

Date.....15/11/2024

Kiambu County
Kiambu County Alcoholic Drinks Control Fund
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Annex II: Inter-Fund Confirmation Letter



COUNTY GOVERNMENT OF KIAMBU

DEPARTMENT OF ADMINISTRATION AND PUBLIC SERVICE
 DIRECTORATE OF ALCOHOLIC DRINKS CONTROL
 P.O Box 2344-00900 Kiambu, Kenya

Tel+254709877000 Email:info@Kiambu.go.ke Website: www.kiambu.go.ke Twitter:@KiambuCountyGov

The Alcoholic Drinks Control Fund wishes to confirm the amounts disbursed as at 30th June 2024 as indicated in the table below.

Confirmation of amounts received by Alcoholic Drinks Control Fund as at 30th June 2024

Reference Number	Date Disbursed	Amounts Disbursed by Kiambu County (Kshs) as at 30th June 2024				Amount Received by ADC Fund (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
RT23325RXMW9-FT23325KW5KS	21/11/2023	16,000,000	0	0	16,000,000	16,000,000	0
FT24157B5ZPJ	05/06/2024	16,000,000	0	0	16,000,000	16,000,000	0
Total					<u>32,000,000</u>	32,000,000	0

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

Head of Accountants ADC Fund:

Name.....Michael Kanyetta.....Sign [Signature].....Date 15/11/2024

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Annex III: Reporting of Climate Relevant Expenditures

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

There was no expenditure on climate change.

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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
N/A						