

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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**THE AUDITOR-GENERAL**

**ON**

**KERICHO COUNTY ALCOHOLIC  
DRINKS CONTROL FUND**

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



COUNTY GOVERNMENT OF KERICHO

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## KERICHO COUNTY ALCOHOLIC DRINKS CONTROL FUND

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

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June, 2024**

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**Table of Contents**

1. Acronyms and Glossary of Terms	iii
2. Key Entity Information and Management	iv
3. Fund Administration Committee	viii
4. Management Team	x
5. Fund Chairperson's Report	xii
6. Report of the Fund Administrator	xiii
7. Statement of Performance against the County Fund's Predetermined Objectives	xiv
8. Corporate Governance Statement	xvi
9. Management Discussion and Analysis	xviii
10. Environmental and Sustainability Reporting	xix
11. Report of the Fund Committee	xxi
12. Statement of Management's Responsibilities	xxii
13. Report of the Independent Auditor on the Financial Statements for Kericho County Alcoholic Drinks Fund	xxiv
14. Statement of Financial Performance for the Year Ended 30 <sup>th</sup> June 2024	1
15. Statement of Financial Position As at 30 June 2024	2
16. <i>Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2024</i>	4
17. Statement of Cash Flows for The Year Ended 30 June 2024	5
18. Statement Of Comparison Of Budget And Actual Amounts For The Period	7
19. Notes to the Financial Statements	9
20. Annexes	45

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 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

b) Glossary of Terms

Fiduciary Management      The key management personnel who had financial responsibility  
*Provide a list of Acronyms and Key terms used in the financial report as per above example.  
The list to be exhaustive)*

## **2. Key Entity Information and Management**

### **a) Background information**

Kericho County Alcoholic Drinks Fund is established by and derives its authority and accountability from Kericho County Alcoholic Drinks Act, 2014. The Fund is wholly owned by the County Government of Kericho and is domiciled in Kenya.

The fund's objective is to provide for licensing of alcoholic drinks by the County Government pursuant to Part II of the Fourth Schedule to the Constitution so as to control the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, *treatment and rehabilitation for persons dependent on alcoholic drinks in order to :-*

- (a) Protect the health of the individual in the light of the dangers of excessive consumption of alcoholic drinks;
- (b) Protect persons under the age of eighteen years from negative impact on health and social development from exposure to advertisements of alcoholic drinks;
- (c) Protect consumers of alcoholic drinks from misleading or deceptive inducements and inform them of the risks of excessive consumption of alcoholic drinks;
- (d) Protect the health of persons under the age of eighteen years by preventing their access to alcoholic drinks;
- (e) Inform and educate the residents in the county on the harmful health, economic and social *consequences of the consumption of alcoholic drinks*;
- (f) Adopt and implement effective measures to eliminate illicit trade in alcohol including smuggling, illicit manufacturing and counterfeiting;
- (g) Ensure fair and ethical business practices related to production, distribution, promotion and sale of alcoholic drinks;
- (h) Reduce and mitigate the negative health, social and economic impact on communities resulting from production, sale and consumptions of alcoholic drinks.

### **b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to meeting the capital and recurrent expenditure relating to carrying out the functions of the Alcoholic Drinks Control Department as stipulated under section 4 of the Act and facilitate the operations of the Sub-County, Review and Enforcement Committees.

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

**a) Fund Administration Committee**

Ref	Name	Position
1	Chairperson- CECM Trade	Hon. Leonard Ngetich
2	Secretary- CO Trade	Mr. Willy Rop
3	Programme Officer	Joseph Rotich
4	Finance Officer	Evaline Too
5	Licensing Officer	Sharon Boit
6	Research Officer	Reuben Langat

**b) Key Management Team**

Ref	Name	Position
1	Chairperson- CECM Trade	Hon. Leonard Ngetich
2	Secretary- CO Trade	Mr. Willy Rop
3	Programme Officer	Joseph Rotich
4	Finance Officer	Evaline Too
5	Licensing Officer	Sharon Boit
6	Research Officer	Reuben Langat

**Key Entity and Management (Continued)**

**c) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	Caroline Chepkemoi
2	Sub County Alcoholic Drinks Regulation Committee	CEC Member Department of Trade
3	Parliamentary Investment Committee	Chairperson PIC, Senate
4	County Assembly of Kericho	County Assembly Clerk
5	Office of Auditor General	Auditor-General

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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**d) Registered Offices**

P.O. Box 112-20200  
Trade Building  
Next to Uhuru Gardens  
**Kericho, KENYA.**

**e) Fund Contacts**

E-mail: [info@kericho.go.ke](mailto:info@kericho.go.ke)  
Web: [www.kericho.go.ke](http://www.kericho.go.ke)  
Telephone: (254) 724 753 040

**f) Fund Bankers**

Equity Bank  
Kericho Branch  
P.O. Box 1562-20200  
Kericho, Kenya

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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**Key Entity and Management (Continued)**

**g) Independent Auditors**

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

**h) Principal Legal Adviser**




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

**i) County Attorney**




Governor's Office  
P.O. Box 122-20200  
**KERICHO.**

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

**3. Fund Administration Committee**




Name	Details of qualifications and experience	Passport size photo
1. Hon.Leonard Ngetich	He is the County Executive Committee Member for Trade, Industrialization, Innovation, Tourism and Wildlife and the Fund's Chairperson.	
2. Mr. Willy Rop	He is the Chief Officer- Trade, Industrialization, Innovation, Tourism and Wildlife and the Secretary to the Fund	
3. Joseph Rotich	He is the Ag. Director Trade, Industrialization & Innovation. He holds a Master's Degree in Business Administration (Strategic Management) and the Program Officer to the Fund	

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**




4. Evaline Too	She the Accountant to the Department. She Holds a BCOM (Accounting), CPA (K) and the Finance Officer to the Fund	
5. Sharon Boit	She is a Sub County Trade Development Officer. She holds a Master's Degree in Business Information Administration (Strategic Management) and the Licensing Officer to the Fund	
6. Reuben Langat	He is the Administrator in the Department. He holds a CPS II and the Research Officer to the Fund	

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

**4. Management Team**

Name	Details of qualifications and experience	
1. Hon.Leonard Ngetich	He is the County Executive Committee Member for Trade, Industrialization, Innovation, Tourism and Wildlife and the Fund's Chairperson.	
2. Mr. Willy Rop	He is the Chief Officer- Trade, Industrialization, Innovation, Tourism and Wildlife and the Secretary to the Fund	
3. Joseph Rotich	He is the Ag. Director Trade, Industrialization & Innovation. He holds a Master's Degree in Business Administration (Strategic Management) and the Program Officer to the Fund	

**Kericho County Alcohol Drinks Control Fund  
 Reports and Financial Statements  
 For the year ended 30th June, 2024**

<p><b>4. Evaline Too</b></p>	<p>She the Accountant to the Department. She Holds a BCOM (Accounting), CPA (K) and the Finance Officer to the Fund</p>	
<p><b>5. Sharon Boit</b></p>	<p>She is a Sub County Trade Development Officer. She holds a Master's Degree in Business Information Administration (Strategic Management) and the Licensing Officer to the Fund</p>	
<p><b>6. Reuben Langat</b></p>	<p>He is the Administrator in the Department. He holds a CPS II and the Research Officer to the Fund</p>	

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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**5. Fund Chairperson's Report**

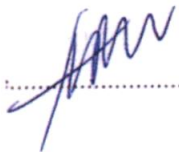
Kericho County Alcoholic Drinks Fund is established by and derives its authority and accountability from the Kericho County Alcoholic Drinks Act, 2014. The Fund is wholly owned by the County Government of Kericho and its objective is to provide for licensing of alcoholic drinks premises by the County Government of Kericho pursuant to Part II of the Fourth Schedule of the Constitution of Kenya 2010.

The Act states that the department shall in collaboration with other relevant county and national government agencies establish treatment and rehabilitation facilities and programs for person's dependent on liquor in each sub-county. This is one of the very important functions of the Fund that is geared towards alleviating the suffering of many people who have fallen victim of alcohol addiction. In this regard the department has identified relevant partners to operationalize the same. A suitable site for the county rehabilitation centre has also been identified at Londiani county hospital.

Waste Management has become a significant business issue for bars in recent years. Costs have grown dramatically; landfill capacity has become increasingly scarce and expensive. Stringent legislation has been introduced around the world to ensure optimum waste management practices in bar businesses. Opportunities have to be found to reduce, re-use and recycle waste streams, while ensuring residual waste is managed in a responsible and efficient manner in compliance with the relevant legislation.

In order to improve compliance of the liquor Act, the department will work closely with the sub county committees especially on the enforcement of the liquor regulations. This will go a long way in increasing revenue collection and providing a conducive environment for the premises dealing in liquor business.

Hon. Leonard Ngetich  
**County Executive Committee Member**  
**Trade, Industrialization, Innovation, Tourism & Wildlife**



**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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**6. Report of the Fund Administrator**

This is the County Government of Kericho Annual Report for the Kericho County Alcoholic Drinks Fund. This report was prepared and presented as required by Section 168 of the Public Financial Management (PFM) Act 2012. The report expounds on local collections and transfers in relation to liquor licensing.

The guiding legislation is the Kericho County Alcoholic Drinks Fund, 2014 that was assented to on 29<sup>th</sup> April, 2014 and commenced on 16<sup>th</sup> May, 2014. The Fund Administrator is CEC Finance and Economic Planning and its primary purpose is meet capital and recurrent expenditure in carrying out operations of Alcoholic Drinks section under the Department of Trade, Industrialization, Innovation, and Tourism & Wildlife.

The Department experienced an increase in licence fees collections since centralizing licensing. The County Government will endeavour to engage liquor operators to ensure timely collection and sensitise them on matters related to the Act and relevant regulations.

The coming into effect of the enforcement committee assisted a great deal in enforcing the Act and making sure most outlets operate within the law. However, there is still a lot of ground to be covered to ensure all stakeholders adhere to the set rules.

In the year under review, the Fund was able to sensitize various stakeholders in the liquor sector. 451 bars and restaurants, hotels and wines spirits outlets were taken through the regulations and best practices in their field of operation. A number of public sector organizations consultative meetings were held with Kenya Bureau of Standards (KEBS), Anti-Counterfeit Authority (ACA) and National Campaign Against Drug and Alcohol Abuse (NACADA) to strengthen the working relationships and collaboration

Mr. Willy Rop

**Chief Officer**

**Trade, Industrialization, Innovation, Tourism & Wildlife**

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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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 fund’s objective is to provide for licensing of alcoholic drinks by the County Government pursuant to Part II of the Fourth Schedule to the Constitution so as to control the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for persons dependent on alcoholic drinks in order to: –

- (a)Protect the health of the individual in the light of the dangers of excessive consumption of alcoholic drinks;
- (b)Protect persons under the age of eighteen years from negative impact on health 'and social development from exposure to advertisements of alcoholic drinks;
- (c)Protect consumers of alcoholic drinks from misleading or deceptive inducements and inform them of the risks of excessive consumption of alcoholic drinks;
- (d)Protect the health of persons under the age of eighteen years by preventing their access to alcoholic drinks;

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Public education on liquor matters	To sensitize the liquor operators on best practices in the sector	No. of liquor operators educated	% of liquor operators educated	In the FY 2023-2024, 1,075 liquor operators received education on emerging trends and regulation in the sub sector
Consultative and sensitization meetings	To sensitize liquor stakeholders	No. of liquor stakeholders sensitized	% of liquor stakeholders sensitized	Bar & Restaurants, hotels and Wines & Spirit stakeholders sensitized

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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Prevent access of under 18 to liquor outlets	To prevent access of under eighteen to liquor outlets	Percentage of under 18 accessing liquor outlets	Number of under 18 accessing liquor outlets	No bar and restaurant or wines outlets near schools and residential places
Control advertisement of alcoholic drinks	To control advertisement of alcoholic drinks	Percentage of advertisement on alcoholic drinks	Number of local advertisements on alcoholic drinks	No bar and restaurant or wines outlets near schools and residential places

## **8. Corporate Governance Statement**

The Kericho County Alcoholic Drinks Act, 2014 establishes four committees as follows;

### **County Alcoholic Drinks Control Department**

#### **Composition:**

a) A Chairperson who shall be the executive member; (b) Chief Officer who shall be the secretary; (c) Programme Officer; (d) Research Officer; (e) Finance Officer and (f) Licensing Officer

### **Sub County Alcoholic Drinks Regulation Committee**

#### **Composition:**

(a) A Sub-county administrator appointed under the County Governments Act who shall be the chairperson; (b) The sub-county public health officer; (c) The officer commanding Kenya Police Services in the sub-county; (d) The officer commanding Administration Police in the sub-county; (e) One officer designated by the Department who shall be the Secretary and who shall be an ex officio member; (f) The officer responsible for coordination of national government functions in the sub-county; (g) the officer responsible for physical planning in the sub-county; and (h) Three residents of the county appointed by the executive member

### **County Alcoholic Drinks Regulations Administrative Review Committee**

#### **Composition:**

a) Chairperson who shall be the executive member;  
b) Chief Officer who shall be the secretary  
c) Programme Officer  
d) Research Officer  
e) Finance Officer

(a) A Chairperson who shall be the executive member; (b) Chief Officer who shall be the secretary; (c) Programme Officer; (d) Research Officer; and (e) Finance Officer

### **County Alcoholic Drinks Control Enforcement Coordinating Committee**

#### **Composition:**

(a) The chief officer who shall be the chairperson of the Committee; (b) The officer responsible for coordination of national government functions in the county; (c) The County Public Health Officer; (d) The officer in charge of Kenya Police Services in the county; (e) The officer in charge of Administration Police Services in the county; (f) One officer appointed by Kenya Revenue Authority; (g) One officer appointed by Kenya Bureau of

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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Standards; (h) One officer appointed by Anti-Counterfeit Agency; (i) One officer appointed by Department of Weights and Measures; (j) Any other officers as the Governor may designate with the approval of the county assembly

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

**9. Management Discussion and Analysis**

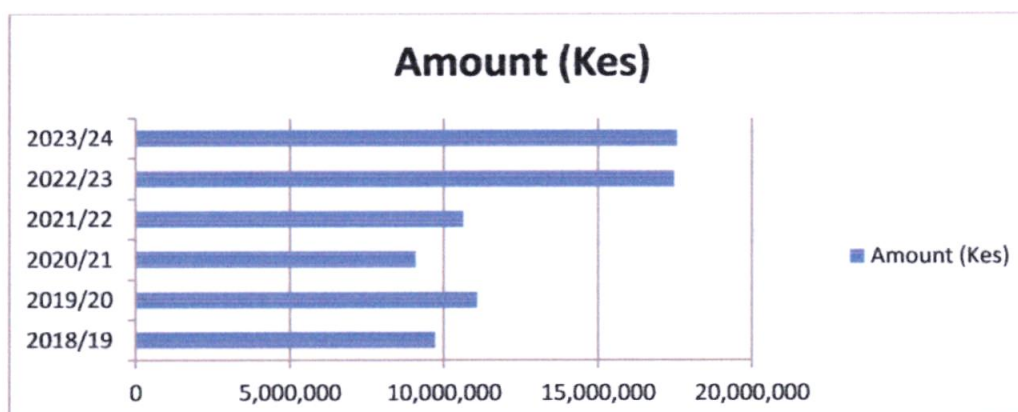
The Fund committee during the period ensured that the capital and recurrent expenditure related to carrying out the functions of the Alcoholic Drinks Control Department as stipulated under section 4 of the Kericho County Alcoholic Drinks Act, 2014 was implemented in compliance with statutory requirements and to facilitate the operations of the Sub-County, Review and Enforcement Committees.

In the year under review, the Fund was able to sensitize various stakeholders in the liquor sector. 451 bars and restaurants, hotels and wines spirits outlets were taken through the regulations and best practices in their field of operation. A number of public sector organizations consultative meetings were held with Kenya Bureau of Standards (KEBS), Anti-Counterfeit Authority (ACA) and National Campaign Against Drug and Alcohol Abuse (NACADA) to strengthen the working relationships and collaboration.

Alcoholic drinks fees are collected from regulation of the liquor sub sector. The fees are realized from the following licenses; General retail alcoholic drinks (Off) Licence, General retail alcoholic drinks (On) Licence, Restaurant alcoholic drinks licence, Supermarket alcoholic drink licence and Club alcoholic drinks licence  
The table below shows revenue performance from alcoholic drinks fees for last five years;

**Table 2: Alcoholic drinks licence fees**

<b>FY</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Amount (Kes)</b>	9,711,500	11,080,950	9,087,500	10,633,000	17,476,911	17,568,922



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

The Kericho County Alcoholic Drinks Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on four pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### **1. Sustainability strategy and profile -**

The top management especially the accounting officer made reference to sustainable efforts, broad trends in political and macroeconomics affecting sustainability priorities, referred to international best practices and key achievements and failures.

### **2. Environmental performance**

Outlined clearly, environmental policy guiding the organisation, providing evidence of the policy. Outlined successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

### **3. Employee welfare**

Gave account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explained efforts made in improving skills and managing careers, appraisal and reward systems. Disclosed the policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA).

### **4. Market place practices-**

The organisation outlined its efforts on:

#### **a) Responsible competition practice.**

Explained how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

#### **b) Responsible Supply chain and supplier relations**

Explained how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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**c) Responsible marketing and advertisement**

Outlined efforts to maintain ethical marketing practices

**d) Product stewardship**

Outlined efforts to safeguard consumer rights and interests

**5. Corporate Social Responsibility / Community Engagements**

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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**11. Report of the Fund Committee**

The fund committee submits their 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 is meeting the capital and recurrent expenditure relating to carrying out the functions of the Alcoholic Drinks Control Department as stipulated under section 4 of the Act and facilitate the operations of the Sub-County, Review and Enforcement Committees.

**Results**

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

**Committee**

The members of the Fund Committee who served during the year are shown on page viii

**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. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

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**Chair of the Fund Administration Committee**

## **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 Kericho County Alcoholic Drinks Fund, 2014 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 Kericho County Alcoholic Drinks Act, 2014. 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.

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**


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

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.

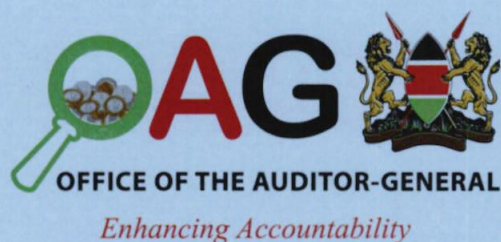
**Approval of the financial statements**

The Fund's financial statements were approved by the Fund Committee on 30.9 2024 and signed on its behalf by:

Mr. Willy Rop   
**Chief Officer**  
**Trade, Industrialization, Innovation, Tourism & Wildlife**

# 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 KERICHO COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2024**

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### PREAMBLE

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

- A. Report on 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 Kericho County Alcoholic Drinks Control Fund set out on pages 1 to 46, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects 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 Kericho 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 (Accrual Basis) and comply with the Kericho County Alcoholic Drinks Act, 2014 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy of Total Non- Current Assets**

The statement of financial position reflects Nil total non-current assets. However, the amount differs with the recomputed total non-current assets amounting to Kshs.386,003 resulting in unexplained variance of Kshs.386,003.

In the circumstance, the accuracy and completeness of Nil total non-current assets could not be confirmed.

#### **2. Failure to Charge Depreciation on Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment totalling Kshs.386,003 in respect of a computer procured in the year under review. However, the computer has not been depreciated contrary to Paragraph 59 of the International Public Sector Accounting Standards (IPSAS) 17 which requires that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated accordingly.

In the circumstance, the accuracy and completeness of property, plant and equipment balance of Kshs.386,003 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kericho 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 receipts budget and actual on comparable basis amounting to Kshs.20,660,000 and Kshs.18,962,907 respectively, resulting in under-funding totalling Kshs.1,697,093 or approximately eight percent (8%) of the budget. Similarly, the statement reflects actual total payments on comparable basis amounting to Kshs.18,395,880 resulting in under-expenditure of Kshs.2,264,120 or approximately eleven percent (11%) of the budget.

The under-funding and under-expenditure affected implementation of the planned projects and programs and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

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

In the audit reports of previous year, six (6) issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or given any explanation for failure to do so.

## **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Failure to Establish Treatment and Rehabilitation Facilities**

The Directorate had not established treatment and rehabilitation facilities for persons dependent on alcoholic drinks. Further, no budget was provided for the establishment of the treatment and rehabilitation facilities. The establishment of correctional facilities was also not prioritized. This was contrary to Section 5 (1) (a) of the Kericho County Alcoholic Drinks Control Fund Act, 2014. This Act requires the Directorate to establish treatment and rehabilitation facilities and programs for persons dependent on alcoholic drinks in

each Ward in collaboration with other relevant County and National Government agencies.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements 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 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 IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

Nairobi


24 December, 2024

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June, 2024**

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>		-	-
Public Contributions and Donations		-	-
Transfers From the County Government		-	-
Application and License fees	3	18,962,907	17,476,911
		<b>18,962,907</b>	<b>17,476,911</b>
<b>Revenue From Exchange Transactions</b>		-	-
Interest Income		-	-
Other Income		-	-
<b>Total Revenue</b>		<b>18,962,907</b>	<b>17,476,911</b>
<b>Expenses</b>		-	-
Employee Costs		-	-
Use of goods and services	7	13,475,880	12,234,695
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
Other Payments-Transfers to CRF	8	4,920,000	5,223,616
<b>Total Expenses</b>		<b>18,395,880</b>	<b>17,458,311</b>
<b>Other Gains/Losses</b>		-	-
Gain/Loss on Disposal of Assets		-	-
<b>Surplus/(Deficit)for the Period</b>		<b>567,027</b>	<b>18,600</b>

*(The notes set out on pages 21 to 25 form an integral part of these Financial Statements)*

.....  


**Name: Willy Rop**  
**Administrator of the Fund**

.....  


**Name: Evaline Too**  
**Fund Accountant**  
**ICPAK No:24390**

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**


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


Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	13	217,024	36,000
Current Portion of Long- Term Receivables From Exchange Transactions		-	-
Prepayments		-	-
Inventories		-	-
Investments in financial assets		-	-
<b>Total current assets</b>		<b>217,024</b>	<b>36,000</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	386,003	-
Intangible Assets		-	-
Long Term Receivables from Exchange Transactions		-	-
Investment Property		-	-
<b>Total non- current assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>603,027</b>	<b>36,000</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
Social benefit liabilities		-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings		-	-
Non-Current Employee Benefit Obligation		-	-
Social benefit liabilities		-	-
<b>Total Liabilities</b>		<b>-</b>	<b>-</b>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Net Assets		603,027	36,000
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		603,027	36,000
<b>Total Net Assets and Liabilities</b>		<b>603,027</b>	<b>36,000</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30.9 2024 and signed by:

  
 .....  
**Name: Willy Rop**  
**Administrator of the Fund**

  
 .....  
**Name: Evaline Too**  
**Fund Accountant**  
**ICPAK No:24390**

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June, 2024**

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>	-	-	<b>17,400</b>	<b>17400</b>
Surplus/(Deficit) For the Period	-	-	18,600	18600
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	-	-	<b>36,000</b>	<b>36,000</b>
	-	-		
<b>Balance As At 1 July 2023</b>	-	-	<b>36,000</b>	<b>36,000</b>
Surplus/(Deficit)For the Period	-	-	567,027	470,527
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	-	-	<b>603,027</b>	<b>506,527</b>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities	3	18,962,907	17,476,911
<b>Total receipts</b>		<b>18,962,907</b>	<b>17,476,911</b>
<b>Payments</b>			
Use of Goods and Services	7	13,475,880	12,234,695
General Expenses		-	-
Finance cost		-	-
Other payments-Transfer to CRF	8	4,920,000	5,223,616
		<b>18,395,880</b>	<b>17,458,311</b>
<b>Net cash flows from operating activities</b>		<b>567,027</b>	<b>18,600</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets	18	386,003	-
Proceeds from sale of property, plant& equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>386,003</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease)in cash &amp; cash Equivalents</b>		<b>181,024</b>	<b>18,600</b>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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Cash and cash equivalents at 1 July		36,000	17,600
<b>Cash and cash equivalents at 30 June</b>	13	<b>217,024</b>	36,000

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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

Description	Originalbudget	Adjustments	Finalbudget	Actualon comparable basis	Perform ance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	D	e=(c-d)	f=d/c* 100
<b>Revenue</b>						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	-	-	-	-	-	
Other Income	20,660,000	-	20,660,000	18,962,907	1,697,093	91.9%
<b>Total Income</b>	<b>20,660,000</b>	<b>-</b>	<b>20,660,000</b>	<b>18,962,907</b>	<b>1,697,093</b>	<b>91.9%</b>
<b>Expenses</b>						
Use of goods and Services	15,660,000	-	15,660,000	13,475,880	2,184,120	86.1%
Employee Costs	-	-	-	-	-	
Other Payments - Transfer to CRF	5,000,000	-	5,000,000	4,920,000	80,000	98.4%
<b>Total Expenditure</b>	<b>20,660,000</b>	<b>-</b>	<b>20,660,000</b>	<b>18,395,880</b>	<b>2,264,120</b>	<b>89.0%</b>
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>567,027</b>	<b>-</b>	
	-	-				
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

**Budget notes**

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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Statement of comparison of budget and actual amounts for the period ended 30<sup>th</sup> June, 2024, has been done, 91.9% is total income (licence fees), 86.1% is use of goods and 98.4% is transfers to county revenue fund.

## **19. Notes to the Financial Statements**

### **1. General Information**

Kericho County Alcoholic Drinks Fund is established by and derives its authority and accountability from Kericho County Alcoholic Drinks Act, 2014. The Fund is wholly owned by the County Government of Kericho and is domiciled in Kenya.

Kericho County Alcoholic Drinks Fund entity is established by and derives its authority and accountability from Kericho County Alcoholic Drinks Act, 2014. The entity is wholly owned by the Kericho County Government and is domiciled in Kenya. The entity's principal activity is The fund's objective is to provide for licensing of alcoholic drinks by the County Government pursuant to Part II of the Fourth Schedule to the Constitution so as to control the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for persons 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 2023*

<b>Standard</b>	<b>Effective date and impact</b>
<b>IPSAS 41: Financial Instruments</b>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

Standard	Effective date and impact
	<ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy)</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 20</p>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 leases have on the financial position, financial performance and cash flows 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>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></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:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**(iii) Early adoption of standards**

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

**1. 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 Departmental Committee on 7<sup>th</sup> August 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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.

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.

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

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A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section 16 of these financial statements.

**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 actual as per the statement of financial performance has been presented under section xxx 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.

**d) 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.

**e) Investment property**

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

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

**f) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

## **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.

#### **g) 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.

#### **h) 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.

#### **i) 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)***

**j) 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.

**k) Nature and purpose of reserves**

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

**l) 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.

**m) 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)*

**n) 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.

**o) 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.

**p) 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.

**q) 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.

**r) Comparative figures**

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

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

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

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

**6. Notes To The Financial Statements**

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

**1. Public contributions and donations**

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

**2. Transfers from County Government**

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

**3. Fines, penalties and other levies**

Description	2023-2024	2022-2023
	Kshs	Kshs
Application fees	1,101,000	611,000
Licences fees	17,861,907	16,865,911
<b>Total</b>	<b>18,962,907</b>	<b>17,476,911</b>

**4. Interest income**

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

**Notes to the Financial Statements Continued**

**5. Other income**

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

**6. Employee Costs**

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

**7. Use of Goods and Services**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Cost	6,809,805	2,020,570
Committee Allowances	4,753,400	7,319,200
Electricity And Water Expenses	-	-
Bank Charges	27,155	25,840
Fuel and Oil Costs	1,414,600	750,000
Insurance Costs	-	-
Postage and Courier	-	-
Printing and Stationery	166,920	1,868,885

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	304,000	250,200
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Social benefit expenses*		
<b>Total</b>	<b>13,475,880</b>	<b>12,234,695</b>

**8. Other Payments**

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers to County Revenue Fund	4,920,000	5,223,616
<b>Total</b>	<b>4,920, 000</b>	<b>5,223,616</b>

**9. Depreciation and Amortization Expense**

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

**10. Finance costs**

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

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

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

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

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

**13. Cash and cash equivalents**

Description	2023-2024	2022-2023
	Kshs	Kshs
Kericho County alcoholic Drinks Fund	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	217,024	36,000
Others ( <i>Specify</i> )	-	-
<b>Total Cash And Cash Equivalents</b>	<b>217,024</b>	<b>36,0000</b>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Kenya Commercial Bank		-	-
Equity Bank	0280263621889	217,024	36,000
<b>Sub- Total</b>		-	-
<b>d) Others(Specify)</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>217,024</b>	<b>36,000</b>

**14. Receivables from exchange transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
OtherExchangeDebtors	-	-
Less: Impairment allowance	-	-
<b>Total Current Receivables</b>	-	-
<b>Non-Current Receivables</b>	-	-

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

Long Term Loan Repayments Due	-	-
<b>Total Non- Current Receivables</b>	-	-
<b>Total Receivables From Exchange Transactions</b>	-	-

**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

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

**15. Prepayments**

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

**16. Inventories**

Description	2023-2024	2022-2023
	Kshs	Kshs
ConsumableStores	-	-
SparePartsAndMeters	-	-
Catering	-	-

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

Other Inventories (Specify)	-	-
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>	-	-

**Notes to the Financial Statements Continued**

**17. Investments in financial assets**

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

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

**Movement of Equity Investments**

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
<b>At the end of the year</b>	-	-

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

**e) Shareholding in other entities**

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

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2024**

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

**18. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2022</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2023</b>					
Additions	-	-	-	386,003	386,003
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	<b>386,003</b>	<b>386,003</b>
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2023</b>					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-

**Kericho County Alcohol Drinks Control Fund  
 Reports and Financial Statements  
 For the year ended 30<sup>th</sup> June 2024**

	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	-	-
<b>Net Book Values</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024</b>	-	-	-	<b>386,003</b>	<b>386,003</b>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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

**19. Intangible assets**

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

**20. Investment Property**

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

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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

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

Description	2023-2024		2022-2023	
	Kshs		Kshs	
TradePayables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
OtherPayables	-		-	
<b>TotalTradeandOtherPayables</b>	-		-	
Ageing analysis(Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	-		-	

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

**22. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
<b>Balance At The End of The Year</b>	-	-	-	-

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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

**23. Borrowings**

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

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

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

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

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

*(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature*

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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*of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)*

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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

**24. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**25. Social Benefit Liabilities**

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended 30th June, 2024**

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

**26. Cash generated from operations**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Surplus/ (Deficit) For the Year Before Tax</b>	567,027	-
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	567,027	-

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30<sup>th</sup>, 2024**

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

**27. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

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

**c) Key management remuneration**

Description	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30<sup>th</sup>, 2024**

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**Other Disclosures Continued**

**e) Due to related parties**

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

**28. Contingent assets and contingent liabilities**

<b>Contingent Liabilities</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30<sup>th</sup>, 2024**

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

**29. 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:

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30<sup>th</sup>, 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 entity has significant concentration of credit risk on amounts due from xxxx

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

**b) Liquidity risk management**

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

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

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30<sup>th</sup>, 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
<b>At 30 June (Current FY)</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30<sup>th</sup>, 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
<b>(Current FY)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>(Comparative FY)</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30<sup>th</sup>, 2024**

**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	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**30. Events after the reporting period**

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

**31. Ultimate and Holding Entity**

The entity is a County Public Fund established by Kericho County Alcoholic Drinks Act 2014, under the Ministry of Trade. Its ultimate parent is the County Government of Kericho.

**32. Currency**

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

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30<sup>th</sup>, 2024**

**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>Kericho county alcoholic drinks control Act, 2014 part I section 3 indicated that part of the objectives of establishing the fund was to establish research, treatment and rehabilitation centres, educating county residents on health and social consequences of alcoholic drinks and also to adopt and implement effective measures to eliminate illicit trade in alcohol including smuggling, illicit manufacturing and counterfeiting. However, it was noted that the</p>	<p>One of the mandates of the Alcoholic Drinks Control Fund is to establish rehabilitation centres. The fund since undertaken public participation towards achievement of the same but due to the covid-19 pandemic some programs were delayed in order to fast-track the same, the fund acknowledges the auditor’s recommendation and made requests for additional funding from the County treasury. With additional resources, the fund will be in a better position to establish and equip a working rehabilitation centre. Programs of recruiting alcohol dependents and drug addicts have been rolled out to facilitate a county sponsored rehabilitation exercise while working with</p>	<p>Land secured</p>	<p>2023-24</p>

**Kericho County Alcohol Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30<sup>th</sup>, 2024**

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>fund management committee did not implement any of the set objectives In the circumstances, the fund has not prioritized the establishment of correctional facilities and hence the objectives for which the fund was set up may not be realized</p>	<p>relevant private sector institutions to help to hasten the achievements of the set targets and objectives</p>		

Fund Accounting Officer

Date.....  30.9.2024