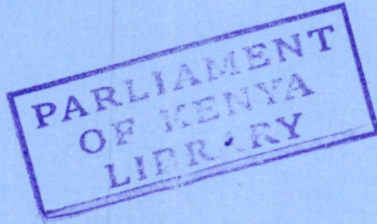


REPUBLIC OF KENYA



REPORT



OF

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COMMITTEE	
CLERK AT THE TABLE	Belinda

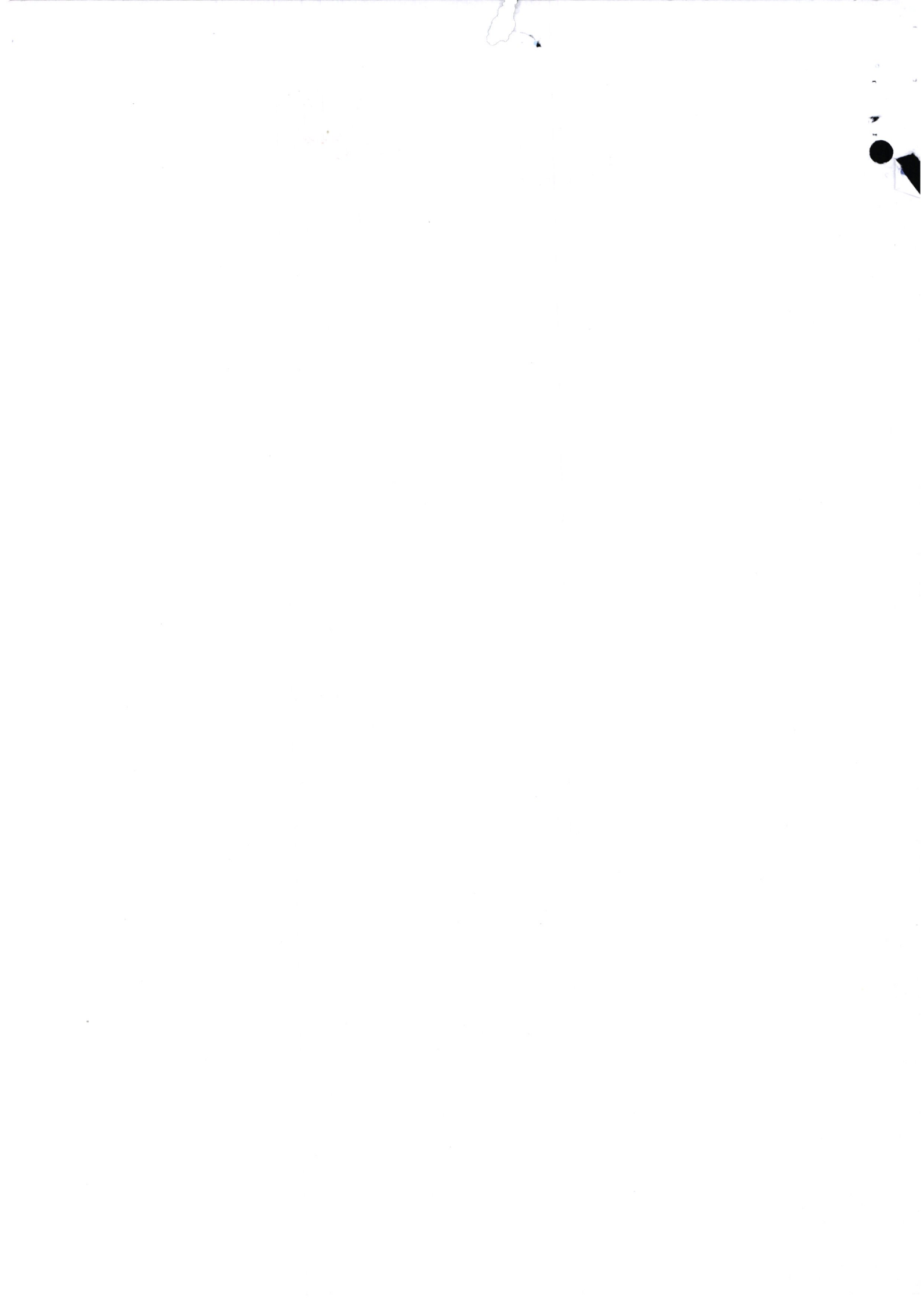
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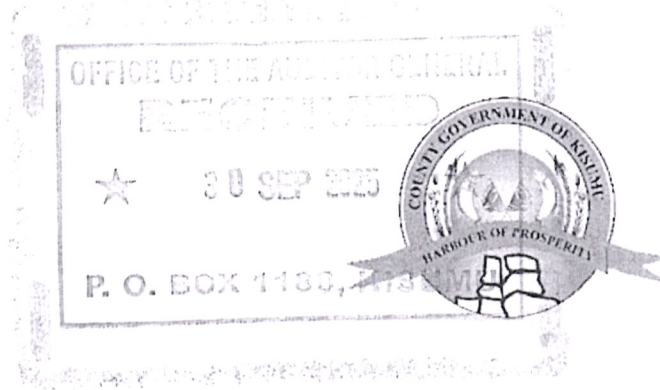
ON

KISUMU COUNTY ALCOHOLIC DRINKS CONTROL FUND

FOR THE YEAR ENDED 30 JUNE, 2025

GOVERNMENT OF KISUMU





KISUMU COUNTY ALCOHOLIC DRINKS CONTROL FUND

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

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

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

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

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
NACADA	National Authority for the Campaign Against Alcohol and Drug Abuse

b) Glossary of Terms

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

2. Key Entity Information and Management

a) Background information

Kisumu County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from Kisumu County Alcoholic Drinks Control Fund Act of 12th August 2014. The Fund is wholly owned by the County Government of Kisumu and is domiciled in Kenya. The fund's jurisdiction is limited to the seven sub counties of Kisumu County namely: Muhoroni, Nyakach, Nyando, Kisumu East, Kisumu Central, Kisumu West and Seme.

Kisumu County Alcoholic Drinks Control Fund is a non-profit making entity whose objective is to control production, sale, distribution, promotion and consumption of alcoholic drinks in the County of Kisumu. The fund is managed by a committee and staff deployed in all the sub counties.

b) Principal Activities

The principal activity/mandate of the Fund is to facilitate on behalf of the County Government of Kisumu licensing, monitoring and evaluation of alcoholic drinks outlets operating in the county of Kisumu with a view to controlling production, sale, and distribution of alcoholic drinks pursuant to Part II of the fourth schedule to the Constitution of Kenya. Besides the aforementioned, the fund undertakes promotion of research, treatment and rehabilitation of persons whose lives are affected by alcoholic drinks.

Vision

“A society free of Alcohol abuse dependence”

Mission

“To control the production, sale, distribution, sale, distribution, promotion and consumption of Alcoholic drinks and to promote research, treatment and rehabilitation of persons dependent on Alcohol drinks.”

Core Values

The fund upholds the values of “Integrity, teamwork, customer care and accountability”.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Timothy Nyakwamba Ajwang	Chairman of the management committee
2	Martin Okode Opiyo	Chief Officer Finance / Member
3	Peter Collins Okoth	Fund Administrator / Secretary
4	Pamela Iro	Alternate Secretary

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

d) Key Management Steam

Ref	Name	Position
1.	Timothy Nyakwamba Ajwang	Chief Officer – Trade, Tourism, Industry & Marketing
2.	Martin Okode Opiyo	Chief Officer – Finance & Planning
3.	Peter Collins Okoth	Fund Administrator

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate of Internal Audit	Mr. Geoffrey Dienya
2	County Assembly of Kisumu	Mr. George Oraro

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

f) Registered Offices

P.O. Box 2738
Prosperity Building
Achieng Oneko Road
Kisumu, KENYA

g) Fund Contacts

Telephone: (254) 723497885
E-mail: info@kisumu.go.ke
Website: www.kisumucounty.go.ke

h) Fund Bankers

Kenya Commercial Bank
Kisumu Branch
P.O. Box 17 – 40100
Kisumu.

i) Independent Auditors

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

j) Principal Legal Adviser

County Attorney
County Government of Kisumu
P.O. Box 2738
Kisumu, Kenya.

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

3. Fund Administration Committee

Name	Details of qualifications and experience
1. Timothy Nyakwamba Ajwang	D.O.B,,,,27th March, 1972 Academic Qualification. - Masters Professional Qualification.... Work experience – Over 28years Position.....Chief Officer -Trade and Enterprise Development / Executive Chairperson
2. Martin Okode Opiyo	D.O.B,,,, Academic Qualification. - Masters Professional Qualification.... Work experience...12 years Position: Chief Office –Finance and Economic planning
3. Peter Collins Okoth	D.O.B – 29 th July , 1974 Academic Qualification - Masters Professional Qualification.... Work experience – 18 years Position: Fund Administrator / Secretary
4. Pamela Akinyi Iro	D.O.B – 24 th November , 1968 Academic Qualification. - Degree Professional Qualification.... Work experience – 28years Position: Alternate Secretary

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

4. Management Team

Name	Details of qualifications and experience
1. Timothy Nyakwamba Ajwang	Chief Officer – Trade, Tourism, Cooperatives, Industry & Marketing. Mr. Ajwang holds a Bachelor of Education and Administration from Kenyatta University. He holds a Masters Degree in Education & Administration.
2. Peter Collins Okoth	Fund Administrator He holds a Masters of Arts Degree in Project Planning and Management from the University of Nairobi.
3. Leah Osiro	Fund Accountant – Holds a Business Management Degree in Accounting from Moi University, Eldoret. CPA part I
4. Pamela Akinyi Iro	Alternate Secretary She holds a Bachelor of Arts Degree in Sociology from Egerton University

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

5. Fund Chairperson's Report

The year under review 2024/2025 was quite a challenging one with ups and downs in equal measure. However, the directorate did make great strides in terms of strengthening of both structural and management policy.

The Court case filed by the Kisumu Bar Owners Association challenging the levying of multiple licence by the County Government of Kisumu was determined and both parties ordered to negotiate on the impasse. However, some outlets are still not willing to pay the license fees hence forcing the County government to seek alternative means to enforce the Act and enhance compliance.

We have reached out to the various stakeholders, and as a directorate we encourage amicable resolutions of any dispute that may arise.

The Ministry of Interior, Coordination and National Administration did issue a circular that FLAGGED DOWN several outlets across the Country, especially ones near learning Institutions and residential areas! We have tried our level best to advise the Sub County Liquor Board Committees to at all times uphold the Act, thereby making sure that all licensed outlets adhere to the law.

The Fund is soon going digital after the successful piloting of the program in Kisumu Central, returning a positive verdict. In preparation, we have purchased for all our Liquor Secretaries Laptops and Printers for ease of implementation of the program. Automation will greatly improve efficiency, accountability and transparency.

Income

The fund collected a total of Ksh.21,477,948 from License fees and applications.

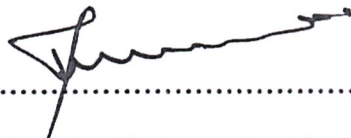
Expenditures

The expenditures incurred during the year amounted to Ksh.22,002,673 with the variance covered by returned advance of 4,700,000.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Government of Kisumu, Department of Trade, Tourism, Cooperatives, Industry and Marketing, stakeholders, management and the entire directorate staff for their unwavering support, which enabled us, achieve these modest results.

I look forward to continued support in the year 2025/2026



.....
Timothy Nyakwamba Ajwang

Chairperson

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

6. Report of the Fund Administrator

It is my pleasure to present the Kisumu County Alcoholic Drinks Control Fund financial statements for the year ended 30th June 2025. The financial statements present the financial performance of the fund over the past year. The Fund was established in April, 2014 and was operationalised in January, 2020.

The directorate did conduct 15 Inspections 15 Liquor Courts thereby resulting into 875 approved Liquor Outlets across the county. The Sub county committees did try their level best to uphold the Act. Flagged down outlets have been advised to look for alternative sites for their business, while others take remedial measures to comply with the law.

The fund has operated on a manual system for a very long time. Automation piloting of the Licensing process was carried out in Kisumu Central and Kisumu East with 95% success return rate, hence we are now ready to roll it out to the other 6 Sub counties.

The licensing process will now be digital, reducing a lot of paper work and bureaucracy. The main objective of this system will be to eradicate FAKE LICENSES in the industry. We shall also be able to track real time the payments across the whole county and match them accordingly.

Financial Performance

a) Revenue

In the year ended 30th June 2025, the Fund had projected revenues of Ksh. 36,990,000 as per the approved budget

Prior Year Adjustments

During the Financial year ended there were no prior adjustments.

The year under review 2024/2025, the Fund successfully collected **Ksh. 21,477,948** representing a 58% performance. The economy is still struggling and most outlets continue close shop while we also have a big number, which are non-compliant. As at the close of the financial year 30th June, 2025 Cash at Bank stood at Ksh. **480,289.70** with an inter entity advance in arrears of **Ksh.8,000,000**

The Fund successfully managed to meet its recurrent and development mandate. The following development projects were initiated: -

Developments

- a) **Completion of Dining/Kitchen -----3M - COMPLETED**
- b) **Partitioning of 02 Dormitories -----1.6M -COMPLETED**
- c) **Construction of Perimeter Wall -----4M -COMPLETED**

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

- d) Construction of Basketball Court-----2M -COMPLETED
- e) Installation of 06 No. Of Solar Lights-----0.5M -COMPLETED
- f) Refurbishment of the Centre - -----1M -NOT COMPLETE

Inspections

The year under the directorate conducted a total of 15 Inspections and 15 Liquor Courts across all the sub counties. The exercise was quite detailed with a strict adherence to the 2014 Alcoholic Act. A total of 875 outlets were licensed, 88 rejected while 02 outlets had their licenses revoked.

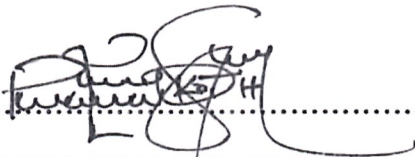
Enforcement/Spot Checks

The enforcement unit did enhance on their activities and operations throughout the county with incredible results. A total of 721 spot checks was conducted resulting into 67 outlets bonded across the county. 58 paid the requisite licence fees while 08 took pleas in various courts. The spot checks did help us to drastically reduce the non-compliant outlets but also to create awareness to various outlets owners on the directorates' mandate.

A total of 32 fake licenses were flagged down and remedial measures instituted. 20 outlets owned up and paid the requisite fees to our KCB Account.

Sub County Committees

A new Liquor Board Sub County Committees was appointed in all the 08 Sub Counties. The new look committees are expected to give fresh impetus and energy in the operations at the sub counties, especially in terms of compliance. The committees are expected to help rid out outlets in residential areas, near learning institutions and noise pollution management. We shall work very closely with the department of Water and Environment to stem out notorious outlets giving citizens sleepless nights.


.....
Name: PETER COLLINS OKOTH

Fund Administrator

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

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

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. This includes a statement of the county government entity’s performance against predetermined objectives.

The key objectives of the Kisumu Alcoholic Drinks Control Fund are:

- a). Carrying out the functions of the Directorate as stipulated under section 4 of the Act
- b). Assisting in the operations of the Sub County Committees.
- c). Any other matter incidental to the matters stated in paragraphs (a) and (b)

Progress on attainment of Strategic development objectives

Program	Objective	Outcome	Indicator	Performance
Licensing/Inspections of Outlets across the Sub counties	To control, regulate and consumption of Alcohol	Increased licensed outlets	Number of licensed outlets	875 Outlets licensed
Enforcement on non-compliant outlets	To ensure compliance	Several outlets bonded	No. of outlets bonded	41 Outlets bonded
Public Participation	Awareness /sensitization creation	Meetings held	No of meetings held	14 meetings held across the county

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

8. Corporate Governance Statement

The Fund

The Kisumu Alcoholic Drinks Control Act 2014 was enacted on August 2014 pursuant to an Act of the County Assembly. The principal activities of the Fund is to control the production, sale, distribution, promotion, and consumption of Alcohol drinks and substance abuse.

The Management Committee

The fund regulations provide the management committee shall be made of (5) senior officers. The committee is responsible for long-term strategic direction of the fund and the Director Alcoholic Beverages, Liquor Licensing, Betting and Gaming Control is the fund administrator.

The management is provided with full, appropriate and timely information that enables it to maintain full and effective control over the strategic, financial, operational, compliance and enforcement issues. The day-to-day operations of the fund is delegated to the fund Administrator, but the committee is responsible establishing and maintaining the fund's system of internal controls to enable the fund achieve its mandate.

Internal Control and Risk Management

Internal Control

The committee is responsible for reviewing the effectiveness of the fund's system of internal control that is designed to provide reasonable, but not absolute assurance regarding the safe guarding of assets against unauthorized use or disposition and maintenance of proper accounting records and the reliability of financial information used within the business or for the publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misrepresentation or loss.

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

9. Management Discussion and Analysis

The fund has continued to support the Sub county Liquor boards committees to execute their core mandate effectively. Alcohol and Drug abuse continues to offer serious challenges in the modern societies hence need concerted efforts to enhance awareness.

The fund's activities expose it to a variety of financial risks including compliance and liquidity risks and effects of changes in the business environment. The fund's overall risk management programme focuses on the 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.

Business Performance

Revenue

The fund collected a total of **Ksh.21, 477,948** from License and Application fees from various outlets in the County.

Cash Flows

The cash and cash equivalents were **Ksh.8,480,290** as at 30th June 2025. The balance shown is at the commercial bank (Kenya Commercial Bank Kisumu branch) and inter entity advance (transfer to operations account)

Operational Performance

The fund's core operating activity has been carrying out the functions of the Directorate as stipulated in Section 4 of the Kisumu Alcoholic Drinks Control Act 2014.

Conclusion

We sincerely appreciate the support from the fund committee, management, staff, the County Government, National government, NACADA and all key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the financial year 2025/2026

10 Environmental and Sustainability Reporting

11 Sustainability strategy and profile

The fund has put in adequate measures to improve on revenue targets. This will enable the directorate fund all its key projects and activities. One of the key milestones will be to digitize the licensing process; this will help improve on transparency, accountability and effectiveness. This will also help in ease of tracking and weed out fake licenses.

12 Environmental performance

The Fund purchased 1,000-tree seedling and planted across the County as a contribution towards global reforestation efforts towards repairing damaged ecosystems.

13 Market place practices-

The fund has continuous carried out inspection with various multi sector agencies in order to curb sell of illicit/counterfeit brews, which have not been approved by the various licensing agencies.

14 Corporate Social Responsibility / Community Engagements

The year under review, the fund constructed and completed the female dormitory at the Masogo Rehabilitation Centre this in addition to purchasing of bedding and mattresses. The rehabilitation centre will give critical support services to persons affected by Alcohol and substance abuse.

The Directorate is at the tail end of completion of the Rehabilitation centre and will hopefully open its doors in early October,2025.

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

11. Report of The Trustees

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

Principal activities

The principal activities of the Fund is to control the production, sale, distribution, promotion and consumption of Alcoholic drinks and to promote Research, treatment and rehabilitation of persons dependent on Alcohol drinks.

The fund's principal activity is to:-

- a). Carrying out the functions of the directorate as stipulated under section 4.
- b). Assisting in the operations of the Sub County Committees.
- c). Any other matter incidental to the matters stated in paragraph (a) and (b).

Results

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

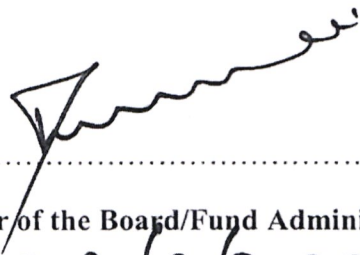
Trustees

The members of the Board of Trustees 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.

By Order of the Board



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

Date: 29/9/2025

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kisumu Alcoholics Drinks Control Act 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

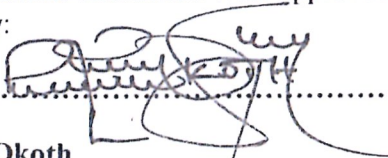
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i)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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kisumu Alcoholics Drinks Control Fund 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, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 20th August, 2025 and signed on its behalf by:

.....


Peter Collins Okoth

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 the 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 Kisumu County Alcoholic Drinks Control Fund set out on pages 1 to 39, which comprise of the statement of financial

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

position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kisumu County Alcoholic Drinks Control Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kisumu County Alcoholic Drinks Control Fund Act, 2014 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variance in the Financial Statements

Review of the financial statements submitted for audit revealed various inaccuracies as detailed below;

- i. The statement of financial performance and as disclosed in Note 3 to the financial statements reflects fines, penalties and other levies of Kshs.21,477,948 while the supporting schedules reflect Kshs.21,149,000 resulting to an unreconciled variance of Kshs.328,948.
- ii. Further, the statement of financial performance and as disclosed in Note 7 to the financial statements reflects use of goods and services of Kshs.15,002,673. However, a comparison between the general ledger and financial statement revealed the following variances as tabulated below;

Item	Ledger	Financial Statement	Variance
	Kshs.	Kshs.	Kshs.
Catering Services	1,818,084	1,990,066	171,982
Committee Allowances	1,876,066	1,851,066	25,000
Bank Charges	17,424	19,839	2,415

- iii. In addition, the statement of financial position and Note 17 to the financial statements reflects property, plant and equipment balance of Kshs.10,761,159 against the ledger balance of Kshs.8,224,377 resulting to unexplained variance of Kshs.2,536,782.
- iv. The statement of financial position reflects Nil balance in respect of current of long-term receivables from exchange transactions. However, review of revenue records revealed that receivables totalling Kshs.2,550,000 remained outstanding from various debtors resulting to a variance of Kshs.2,550,000.

In the circumstances, accuracy and completeness of the financial statements could not be confirmed.

2. Inaccuracies in the Financial Statements

The statement of changes in net assets reflects an accumulated surplus balance of Kshs.16,895,815. However, the statement of financial position reflects a balance of Kshs.6,475,275 resulting to unexplained variance of Kshs.10,420,540. Similarly, the statement of changes in net assets reflects revaluation reserve balance of Kshs.2,345,633 while the statement of financial position reflects a balance of Kshs.12,766,174 resulting to a variance of Kshs.10,420,540. The two balances should be equal and no reconciliation has been provided for audit verification to explain the variances contrary to National Treasury circular on guidelines on the year end closing procedures for financial year 2023/2024 Ref No. AG.3/88/Vol. II(31) dated 15 May, 2024 Section 3.15(x) on internal quality control of financial statements states that the Accounting Officer is responsible for ensuring the financial statements are complete, accurate and give a fair and true view of the financial affairs of the entity.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

3. Inaccuracies in the Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.8,480,290 as disclosed in Note 17 to the financial statements. Review of records provided for audit in respect to the bank balances revealed the following anomalies:

- i. Kenya Commercial Bank (KCB) statement details revealed that the balance includes Current Account balance of Kshs.480,289 as at 30 June, 2025. However, the bank reconciliation statement for KCB account number 1165988372 as at 30 June, 2025 reflects adjusted cashbook balance of Kshs.610,212 resulting to an unexplained and unreconciled variance of Kshs.129,923.
- ii. Review of the bank reconciliation statements reflect reconciling balances of Kshs.341,423 and Kshs.59,146 in respect of payments in cash book not yet recorded in bank (unpresented cheques) and receipts in bank statement not yet recorded in cash book respectively. However, details of the payments including dates when the transaction were incurred and recorded in the cashbook were not provided for audit review.
- iii. Further, Management did not provide Board of Survey report to support the cashbook balances.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.8,480,290 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kisumu County Alcoholic Drinks and Control Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have

fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on a comparable basis of Kshs.36,990,000 and Kshs.21,477,948 respectively resulting to an under collection of Kshs.15,512,058 or 42% of the budget. Similarly, the Fund spent Kshs.15,002,673 against a final budget of Kshs.16,990,000 on fund administration expenses resulting to an under-expenditure of Kshs.1,987,327 or 12% of the budget. Management attributed the under collection of revenue to poor economic activities.

The under expenditure affected implementation of the planned project activities and may impact negatively on delivery of services 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 prior years’ audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Kisumu County Alcoholic Drinks Control Fund in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Understatement of General Office Expenditure, Committee Allowances and Bank Charges.
2	2023/2024	Misclassification of Maintenance of Motor Vehicle
3	2023/2024	Unsupported Public Participation Expenditure
4	2023/2024	Cash and Cash Equivalent; Unsupported current account and Cash in Transit

5	2023/2024	Budgetary Control and Performance
6	2023/2024	Lack of Asset Register
7	2023/2024	Lack of a Strategic Plan
8	2023/2024	Construction of Dining Hall for Nyangoma Rehabilitation Centre
9	2023/2024	Procurement outside the e-procurement
10	2023/2024	Lack of Risk Management Policy
11	2023/2024	Late Submission of Financial Statements
12	2023/2024	Failure to Automate Revenue Collection

Other Information

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 matters described in the Basis for Conclusion on the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Presentation and Disclosures of the Financial Statements

The statement of financial position reflects cash and cash equivalents balance of Kshs.8,480,290 as disclosed in Note 12 to the financial statements. However, the balance include advance to county operations accounts of Kshs.8,000,000. The treatment of the advance which should be categorized a receivable is contrary to IPSAS 1:45 states that

each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.

In the circumstances, completeness and fair presentation of the cash and cash equivalent balance as at 30 June, 2025 could not be confirmed.

2. Irregular Borrowing from the Fund

The statement of financial position reflects cash and cash equivalents balance of Kshs.8,480,290 as disclosed in Note 12 to the financial statements which includes advance to county operations accounts balance of Kshs.8,000,000. However, the borrowing was not supported by approvals from the County Assembly or the County Executive Committee Member-Finance and Economic Planning and the advance made was not in line with the activities of the fund.

Further, review of the expenditure details revealed that Kshs.1,266,320 was irregularly transferred from the Kisumu Alcoholic Drinks Control Fund to fund operations of the County Executive without adherence to the Public Finance Management Act, 2012. This was contrary to Section 142(1)(a) of the Public Finance Management Act, 2012 which states that the County Assembly may authorize short-term borrowing by county government entities for cash management purposes only. A county government entity that has any such borrowing shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

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

3. Procurement Using Un-Prequalified Suppliers

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects an amount of Kshs.15,002,673 in respect of use of goods and services. Included in the amount is Kshs.2,495,000 paid to a firm in respect of supply and delivery of ICT equipment. However, review of procurement documents revealed that the firm was not prequalified under the category. This was contrary to Section 106(2) of the Public Procurement and Asset Disposal Act, 2015, which require the accounting officer to give the request for quotations to persons that are registered by the procuring entity.

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

4. Failure to Maintain and Submit Quarterly Reports

Review of the procurement and payment records and other relevant supporting documents revealed that the Head of the Procurement Unit did not maintain quarterly reports on the implementation of the annual procurement plan as prescribed by the law. This was contrary to Regulation 40(6) of the Public Procurement and Asset Disposal Regulations, 2020. Further, Management did not prepare and submit the mandatory six

months report on the implementation of preferences and reservations to the Authority. This was contrary to Section 157 (12) of the Public Procurement and Asset Disposal Act, 2015, states that the procuring entities at the national and county level shall make a report after every six months to the Authority.

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

5. Non-Automation of Liquor Revenue

During the year under review, Management projected to collect Kshs.36,990,000. However, the Fund collected Kshs.21,477,948 in respect to Liquor Licensing Fees missing the budget target by Kshs.15,512,058 or 41.9%. Review of the revenue licensing collection documentation show that, these fees are collected manually and these create possibilities of revenue leakages and misappropriation. Further, review of the revenue processes indicated that that the Liquor Fund had not automated its revenue collection system despite the Integrated Revenue Management System (IRMS) deliverables being met on go live on the liquor licensing module.

Although Management explained that they have rolled out the automation of all the sub-counties in September 2025, continued reliance on manual method which is prone to abuse and may have contributed to the shortfall in revenue collection. Failure to automate the revenue collection is contrary to Regulation 22(1) of the Public Finance Management (County Governments) Regulations, 2015 states that the Accounting Officers shall, in accordance with Article 226(2) of the Constitution and Section 149(1) of the Act, be accountable to the County Assembly for maintaining effective systems of internal control and the measures taken to ensure that they are effective.

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

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

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

Conclusion

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

Basis for Conclusion

1. Lack of Value for Money on Revenue Collection

The statement of financial performance and as disclosed in Note 3 to the financial statements reflects Kshs.21,477,948 in respect of fines, penalties and other levies. The Fund spent an amount of Kshs.15,002,673 or 70% of the total collection on operational expenses.

In the circumstances, efficiency and effectiveness of revenue collection could not be confirmed.

2. Failure to Maintain Assets Register

The statement of financial position reflects property, plant and equipment balance (net book value) of Kshs.10,761,159 as disclosed under Note 17 to the financial statements. However, the Management did not maintain an asset register in the format required under Regulation 136(1)(2) and (3) of Public Finance Management (County Governments) Regulations, 2015. The asset register did not show details of when the assets were acquired, their value and location.

In the circumstances, the completeness of the disclosed assets could not be confirmed.

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

Responsibilities of the Management and Trustees

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.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

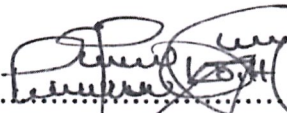
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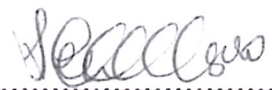
29 October, 2025

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	21,477,948	20,868,003
		21,477,948	20,868,003
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income	5	-	-
		-	-
Total Revenue		21,477,948	20,868,003
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	15,002,673	10,447,462.25
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		15,002,673	10,447,462.25
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		6,475,275	10,420,540.75

.....

Name: PETER COLLINS OKOTH
Administrator of the Fund

.....

Name: LEA OSIRO
Fund Accountant
ICPAK Member Number:

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

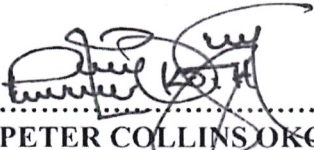
15. Statement of Financial Position As at 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	8,480,290	9,249,651.95
Current Portion of Long- Term Receivables From Exchange Transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		8,480,290	9,249,651.95
Non-Current Assets			
Property, Plant and Equipment	17	10,761,159	3,536,782.00
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
Total non- current assets		10,761,159	3,536,782.00
Total Assets (A)		19,241,449	12,786,433.95
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-

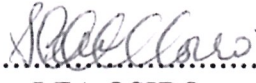
Kisumu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Social benefit liabilities	24	-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		19,241,449	12,786,433.95
Represented By:			
Revolving Fund		-	-
Reserves		12,766,174	2,365,893.2
Accumulated Surplus		6,475,275	10,420,540.75
Net Assets		19,241,449	12,786,433.95

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 20th August, 2025 and signed by:



 Name: PETER COLLINS OKOTH
 Administrator of the Fund



 Name: LEA OSIRO
 Fund Accountant
 ICPAK Member Number:

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

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July (Previous FY)	-	-	-	-
Surplus/(Deficit) For the Period	-	2,365,893.2	10,420,540.75	12,786,433.75
Funds Received During the Year	-	-		
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June (Previous 2023/2024 FY)	-	2,365,893.2	10,420,540.75	12,786,433.75
Balance As At 1 July (2024/2025 FY)	-	2,345,633	10,420,540.75	12,766,174
Surplus/(Deficit) For the Period		-	6,475,275	10,420,540.75
Funds Received During the Year	-	-	-	-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June (2023/2024 FY)	-	2,345,633	16,895,815.75	19,241,448.75

(Reserve refers to retained moneys unspent for the financial year 2023/2024)

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

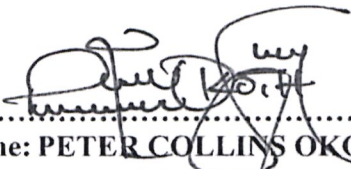
17. Statement of Cash Flows for the Year Ended 30 June 2025


Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities	3	21,477,948	20,868,003.00
Total receipts		21,477,948	20,868,003.00
Payments			
Fund administration expenses	7	(15,002,673)	(10,447,462.25)
General expenses		-	-
Finance cost		-	-
Other payments (inter entity borrowing)		-	-
Net cash flows from operating activities		6,478,324	10,420,540.75
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	17	(7,244,637)	(3,536,782.00)
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		(7,244,637)	(3,536,782.00)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(769,362)	6,883,758.75
Cash and cash equivalents at 1 July		9,249,651.95	2,365,893.2

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

Cash and cash equivalents at 30 June 2025	12	8,480,290	9,249,651.95
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(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)


.....
Name: **PETER COLLINS OKOTH**
Administrator of the Fund


.....
Name: **LEA OSIRO**
Fund Accountant
ICPAK Member Number:

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

18. Statement of Comparison of Budget and Actual Amounts For The Period 2024/2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2024/2025	2024/2025	2024/2025	2024/2025	2024/2025	2024/2025
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	-	-	-	-	-	
Other Income	36,990,000	-	36,990,000	21,477,948	15,512,058	58%
Total Income	36,990,000	-	36,990,000	21,477,948	15,512,058	58%
Expenses						
Fund Administration Expenses	16,990,000	-	16,990,000	15,002,673	1,987,327	88%
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
Total Expenditure	-	-	-	15,002,673	-	
Surplus For the Period	-	-	-	6,478,324	-	
Capital expenditure	20,000,000	-	20,000,000	7,244,637	12,755,363	36%
Total	36,990,000		36,990,000			62%

Budget notes

1. Revenue collected amounts was not successful due to poor economic activities (10% over/ under) IPSAS 24.14
2. Over expenditure on fund administration expenses was covered by refunded advance of Ksh 4,700,000 for 2023/2024

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

19. Notes to the Financial Statements

1. General Information

Kisumu County Alcoholic Control Fund is established by and derives its authority and accountability from Kisumu County Alcoholic Drinks Control Act of 12th August 2014. The entity is wholly owned by the Kisumu County Government and is domiciled in Kenya. The entity's principal activity is to control production, sale, distribution, promotion and use of alcoholic drinks. Besides that, the entity conducts research, treatment and rehabilitation of persons affected by alcoholic drinks.

The Fund's objective is to meet the Capital and Recurrent expenditure relating to the mandate of the Fund as stipulated in the Kisumu County Alcoholic Drinks Control Act 2014.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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

IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48-	<i>Applicable 1st January 2026</i>

Kisumu County Alcoholic Drinks Control Fund

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

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

(i) Early adoption of standards

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

3. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations.

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.

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

Summary of Significant Accounting Policies (Continued)

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

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

a) Intangible Assets

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

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

b) Investment property

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

Summary of Significant Accounting Policies (Continued)

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

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Kisumu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025
Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

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

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) 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.

Kisumu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025
Summary of Significant Accounting Policies (Continued)

j) 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.

k) 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.

l) 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.

m) 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.

n) Comparative figures

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

Kisumu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025
Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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

6. Notes to The Financial Statements Continued

1. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

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

3. Fines, penalties and other levies

Description	2024-2025	2023-2024
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Licences fee	21,477,948	20,868,003
Total	21,477,948	20,868,003

4. Interest income

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

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

(Provide brief explanation for this revenue)

Notes to the Financial Statements Continued

5. Other income

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

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

7. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses	1,198,580	3,091,250.00
Travel	664,370.00	169,720.00
Catering services	1,990,066.00	1,768,820.00
Field Allowances	1,496,520.00	1,400,000.00
Committee Allowances	1,851,066	1,541,780.00
Bank Charges	19,839	7,973.25
Maintenance of motor vehicles	840,607	553,572.00
Refined fuel and lubricants	1,000,000.00	900,001.00
Accommodation	834,800.00	
Security Costs	1,911,826.00	518,000.00

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

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Printing and publishing	499,999.00	-
Purchase of computers and IT equipment	2,495,000	-
Other (Professional fee/Trainings)	200,000.00	496,346.00
Total	15,002,673	10,477,462.25

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

8. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

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

10. Gain/(loss) on disposal of assets

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

11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	480,290	4,499,651.95
Others: advance to county operations accounts	8,000,000	4,750,000
Total Cash And Cash Equivalents	8,480,290	9,249,651.95

Kisumu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements Continued

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		-	-
ALCOHOLIC DRINK CTRL DIR-KSM COUNTY	1165988372	480,289.70	4,499,651.95
Sub- Total		480,289.70	4,499,651.95
d) Others(inter entity transfer)			
Cash In Transit		8,000,000	4,750,000.00
Cash In Hand		-	-
Sub- Total		8,000,000	4,750,000.00
Grand Total		8,480,290	9,249,651.95

13. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

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

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
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	-	-
Current loan repayments due		
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	-	-

14. Prepayments

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

15. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

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

16. Investments in financial assets

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

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

Movement of Equity Investments

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

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			
	%	%	%	Kshs	2024-2025 Kshs	Prior year Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Kisumu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July, 2024	3,536,782.00	-	-	-	3,536,782.00
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30 th July, 2023-2024	3,536,782.00	-	-	-	3,536,782.00
At 1 st July, 2024-2025	3,536,782.00	-	-	-	3,536,782.00
Additions	7,224,377.00	-	-	-	7,224,377.00
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30 th June 2025	10,761,159	-	-	-	10,761,159
Depreciation And Impairment					
At 1 st July 2023-2024	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 th June 2024	-	-	-	-	-
At 1 st July -2024	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30 th June 2025	-	-	-	-	-
Net Book Values	10,761,159	-	-	-	10,761,159
At 30 th June 2024	-	-	-	-	-
At 30 th June 2025	10,761,159	-	-	-	10,761,159

Kisumu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to The Financial Statements (Continued)

18. Intangible assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At Beginning of The Year		
Additions		
At End of The Year		
Amortization And Impairment		
At Beginning of The Year		
Amortization		
At End of The Year		
Impairment Loss		
At End of The Year		
NBV		

19. Investment Property

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

(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.

Kisumu County Alcoholic Drinks Control Fund
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Notes to The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
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	-	%	-	%
Total (tie to above total)	-		-	

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

21. Provisions

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

Kisumu County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025
Notes to The Financial Statements (Continued)

22. Borrowings

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

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

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

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

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

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

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Notes to The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

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

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

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Notes to The Financial Statements (Continued)

25. Cash generated from operations.

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

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

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Notes to The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

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

d) Due from related parties

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

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Other Disclosures Continued

e) Due to related parties

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

27. Contingent assets and contingent liabilities

Contingent Liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

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Notes to The Financial Statements (Continued)

28. Financial risk management

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

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

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

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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
At 30 June 2025				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

i. Foreign currency risk

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

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

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

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.

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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
2025			
Euro	10%	-	-
USD	10%	-	-
2024			
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 endeavored 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).

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

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

29. Events after the reporting period

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

30. Ultimate and Holding Entity

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

31. Currency

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

**Kisumu County Alcoholic Drinks Control Fund
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20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Understatement of general office expenditure	Ledgers adjusted	Resolved	
4.2	Misclassification of motor vehicle	Ledgers adjusted	Resolved	
4.3	Unsupported Expenditure on committee expenses	Payment files and vouchers availed	Resolved	
4.5	Unconfirmed license fees	Payment receipts, vouchers & invoices availed	Resolved	
4.6	Failure to Automate Revenue Collection	Automation process on going	Resolved	
4.7	Budgetary Control and performance	Achievable target to be set	Resolved	

Guidance Notes:

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

Fund Administrator

Date.....

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

[Insert name of beneficiary Fund]
[Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name Sign Date

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Annex III: Reporting of Climate Relevant Expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

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