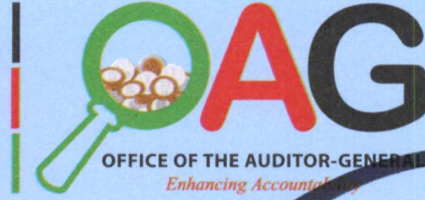


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REPORT

OF

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THE AUDITOR-GENERAL

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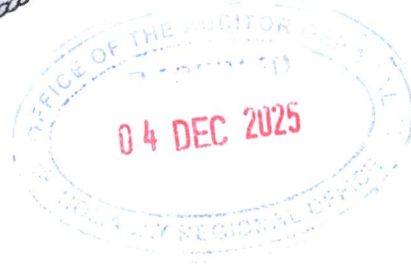
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KISII COUNTY ALCOHOLIC
DRINKS CONTROL FUND

FOR THE YEAR ENDED
30 JUNE, 2025

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Kisii County Alcoholic Drinks Control Fund

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

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

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

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1.

1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
Financial performance	Statement of revenues and expenses
Surplus	A situation in which revenues are more than expenses
Deficit	A situation in which expenses are more than revenues
Financial position	Statement of assets and liabilities as at a particular time
Asset	A resource with economic value and future benefits to an entity
Liability	An obligation that an entity owes to others, such as debt or taxes
Statement of Cash flow	The movement of cash into and out of an entity over a period of time.
Net assets	The residual interest in the assets of an entity after deducting liabilities

Kisii 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

The Kisii County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from The Kisii County Alcoholic Drinks Control Act (2015) on 21st October 2015. The Fund is wholly owned by the County Government of Kisii and is domiciled in Kenya.

The fund's objective is to provide for the licensing and regulation of the production, sale, distribution, consumption, and outdoor advertising, of alcoholic drinks, and for connected purposes.

The Fund's principal activity is to finance initiatives aimed at controlling the production, distribution, consumption, and outdoor advertising of Alcoholic Drinks in the County and further as indicated in the Kisii County Alcoholic Drinks Control Act (2015).

b) Principal Activities

Carrying out the functions of the Directorate which is outlined in section 4 of the Kisii County Alcoholic Drinks Control Act and includes the following:

The mandate of the fund is to;

- Support and facilitate Sub- County Committees in carrying out their functions.
- Carry out public education on alcoholic drinks control in the County directly and in collaboration with other public or private bodies and institutions.
- Facilitate citizen participation in matters related to alcoholic drinks control in accordance with framework for citizen participation established under the County Governments Act, the Urban Areas and Cities Act or any other relevant written law.
- Facilitate and promoted in collaboration with other County and National Government Institutions the establishment of treatment and rehabilitation facilities and programmes.
- Carry out research directly or in collaboration with other institutions and serve as the repository of data and statistics related to alcoholic drinks control.
- Develop in collaboration with other Counties, National Government Department's strategies and plans for implementing this Act and control of alcohol abuse and any other relevant national legislation and coordinate and support their implementation.

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

- Advise the Executive Member generally on the exercise of his powers and performance of his functions under this Act, and in particular on County policy and laws to be adopted in regard to the production, manufacture, sale and consumption of alcoholic drinks.
- In collaboration with other relevant County departments, prepare and submit an Alcoholic Drinks status report bi-annually in the prescribed manner to the Executive Member which shall be transmitted to the County Executive Committee, County Assembly and the Authority; recommended to the Executive Member to participate in the formulation of laws regulations related to alcoholic drinks; and regulations related to alcoholic drinks; monitoring and evaluating the implementation of this Act including the operations of the Sub-county Committees and advising the Executive Member on the measures to be adopted;
- Review decisions made by the Sub- County Committee, and
- Carry out such other functions as may be necessary for the implementation of the objectives and purpose of this Act and perform such other functions as may, from time to time, be assigned by the Executive Member.
- Assisting in the operations of the Sub-County Committees.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Dr Timothy Arege	Chairperson
2	Joseph Kibet	Co-Chair
3	PeritaWesaya	Member
4	Betty Kwamboka	Member
5	Dr. Richard Onkware	Member
6	Patrick Achoki	Member
7	Divina Moriango	Member
8	Kerosi Ondieki	Member
9	CPA Vincent Ratemo Mirera	Secretary

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

d) Key Management team

Ref	Name	Position
1	Cleophas Okioi	Fund Accounting Officer
2	Vincent Okioma	Chief Officer Finance and Accounting
3	CPA Vincent Ratemo Mirera	Fund Administrator/ Director
4	CPA John Nyandanyi	Head of Accounting

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

e) Registered Offices

P.O. Box 4550-40200
Kisii Cultural Department Offices,
Off Christamariane Junction
Kisii, KENYA

f) Fund Contacts

Telephone: (+254)711526500
E-mail: liquor@kisii.go.ke
Website: www.kisii.go.ke

g) Fund Bankers

National Bank of Kenya
Kisii Branch
Tel: 020-2828000
Fax: 020-311444/222304
E-Mail: corporateaffairs@nationalbank.co.ke

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

Key Entity and Management (Continued)

h) Independent Auditors





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

i) County Attorney




The County Attorney.
County Government of Kisii.
P.O Box 4550
40200, Kisii, Kenya.

3. Board of Trustees/ Fund Administration Committee

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


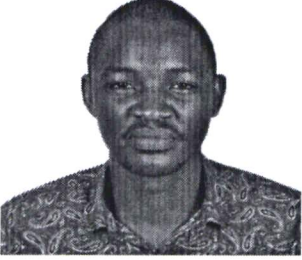


Name	Details of qualifications and experience
<p>Chairman of the Board</p> 	<p>Dr Timothy Arege is the CECM for Youth, Sports, Culture, Arts & Social Services.</p> <p>Prior to joining the County Government, he served as a Senior Lecturer, Kiswahili Literature and Author at Kenyatta University. Timothy Arege holds a 2009 - 2012 Doctor Of Philosophy in Philosophy at the University of Nairobi.</p>
<p>Fund administrator/ Secretary to the Board</p> 	<p>CPA Cs Vincent Ratemo Mirera MBA Accounting Option, BCOM Accounting,</p> <p>He is also a holder of CPA (K) and Certified Public Secretary of Kenya.</p> <p>Current Director Alcoholic Drinks Control Directorate.</p> <p>Also has undertaken the Strategic Leadership Development Programme and Senior Management from Kenya School of Government.</p> <p>Previously served as AG. Board Secretary to County Public Service Board, Deputy Director Directorate of Revenue Collection and Management, Kisii County Government and Finance Officer Kisii National Polytechnic.</p>
	<p>Mr Okerosi Ondieki</p> <p>Currently, he is amember of Alcoholic Drinks Kisii County. He Practising as An advocate of the High Court</p> <p>Also served as The First Speaker of Kisii County Assembly between 2013 to 2017.</p>
	<p>Ms Divina Moriango</p> <p>Currently she is a member of Alcoholic Drinks Kisii County having served asa teacher for the last 5 five years.</p> <p>She is a holder of Bachelors in Education also Done Certified Public Accountant of Kenya Part Two.</p>

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

	<p>Mr Patrick Achoki He is the Director Physical Planning Kisii County Government. He is a holder of Master in Planning, Bachelors of Arts and Economics.</p>
	<p>Dr. Onkware Richard He is currently the Director Public Health Kisii County Government and previously worked as Senior Medical Officer. He is a holder Master in Public Health and master of Business Administration.</p>
	<p>Ms Betty Kwamboka She is a holder of Degree in Law and Diploma from Kenya School of Law and Senior Management Course. Currently working with Kisii County as Principal Legal Officer and as an advocate in various Law Firms.</p>
	<p>Mr Joseph Kibet He is the Current new County Commissioner Kisii County. He is the Co-Chair to the Chair Alcoholic Drinks and Control.</p>
	<p>Mr Charles Kases He is the Current County Commander Kisii County and Member of Alcoholic Drinks Control Directorate. He is a holder of Bachelor of Arts Commerce.</p>

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

4. Management Team

Name	Details of qualifications and experience
<p>Chief Officer-Youth, Sports, Culture, Arts & Social Services</p> 	<p>Mr Cleophas Okioi is the Acting Chief Officer department of Youth, Sports, Culture, Arts & Social Services.</p> <p>A holder of Masters degree in Business Administration from University of Nicosia, Cyprus (2019), Bachelor of Science degree in Software Engineering from University of Eastern Africa, Baraton and a host of international professional certifications. He is an active member of the Computer Society of Kenya (CSK)</p> <p>Has cumulatively over 15 years of working experience in high-level practice in information technology, trade, business and in various industrial undertakings both in the public and private sectors.</p>
<p>Chief Officer Finance</p> 	<p>Mr.Vincent Okioma is the Chief Officer of Finance and Accounting services prior to that he served as the chief officer Infrastructure,Roads & Public works in Kisii County Government. He also worked at the Parliamentary Service commission as a constituency manager for Dagoretti North Constituency. He Holds a Bachelors of Arts in International Relations from the Kenya Methodist University.</p> <p>Has a vast of skills in administration,community mobilization,Budget and financial management as well as Project management</p>
<p>Fund Accountant</p> 	<p>John Nyandanyi CPA (K), Current Director Accounting services Kisii County Treasury.</p>
<p>Fund administrator/ Secretary to the Board</p> 	<p>CPA Cs Vincent Ratemo Mirera MBA Accounting Option, BCOM Accounting, He is also a holder of CPA (K) and Certified Public Secretary of Kenya. Current Director Alcoholic Drinks Control Directorate. Also has undertaken the Strategic Leadership Development Programme and Senior Management from Kenya School of Government. Previously served as AG. Board Secretary to County Public Service</p>

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

	Board, Deputy Director Directorate of Revenue Collection and Management, Kisii County Government and Finance Officer Kisii National Polytechnic.
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5. Board/Fund Chairperson's Report

Changes to the Board and Management

In the year under review, there were changes within the County Alcoholic Drinks Control Board. The position of Chairperson was affected, and there were also changes to the management team. These management changes included the Chief Officer for Youth, Sports, Culture, and Social Services and the Chief Officer for Finance and Accounting Services.

Fund Performance Review

The fund has consistently seen an increase in revenue from licensing fees, even amidst challenging economic conditions. During the past year, the fund reported a slight decrease in revenue compared to the previous year. Despite these challenges, the Directorate was able to effectively implement its operational activities, which are focused on three key areas:

- Advocacy and Public Awareness: Educating the public on the risks of alcohol misuse.
- Counselling and Rehabilitation: Providing support and treatment for those affected by alcohol addiction.
- Compliance, Quality Control, and Standards: Ensuring businesses adhere to regulations and maintaining high standards for alcoholic beverages.

Future Outlook

The fund's future looks promising. It's projected to grow as the economy improves. To maintain this growth, the Directorate, in partnership with the County Treasury, will update licensing fees through the Finance Act to match current economic conditions. The Directorate also plans to expand its key initiatives, which include: Public awareness programs, Rehabilitation services and Compliance efforts.

Rehabilitation Centres

The Kisii County Government has built a rehabilitation center at Kiamwasi. After construction is complete, the facility will be handed over to the Directorate of Alcoholic Drinks Control as mandated by the Kisii County Alcoholic Drinks Control Act (2015). This new center will boost the Directorate's ability to offer rehabilitation services.

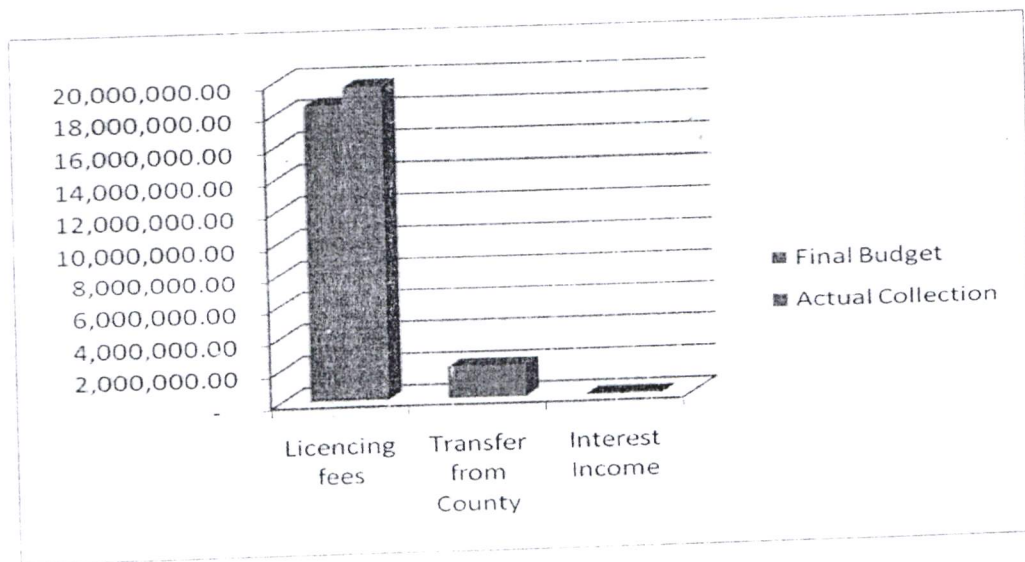
Name Dr Timothy Ajege Signature [Signature] Date 26/08/2025

Chairperson of the Board/Fund

5. Report of The Fund Administrator

In the Period under review, the Directorate targeted to Collect Kshs 18,500,000 as supported by the projections, despite the challenges attributed to the political environment and difficult economic conditions, the Directorate collected Kshs 19,626,551 representing 106 % of the total projections. This is graphically represented in the diagrams below.

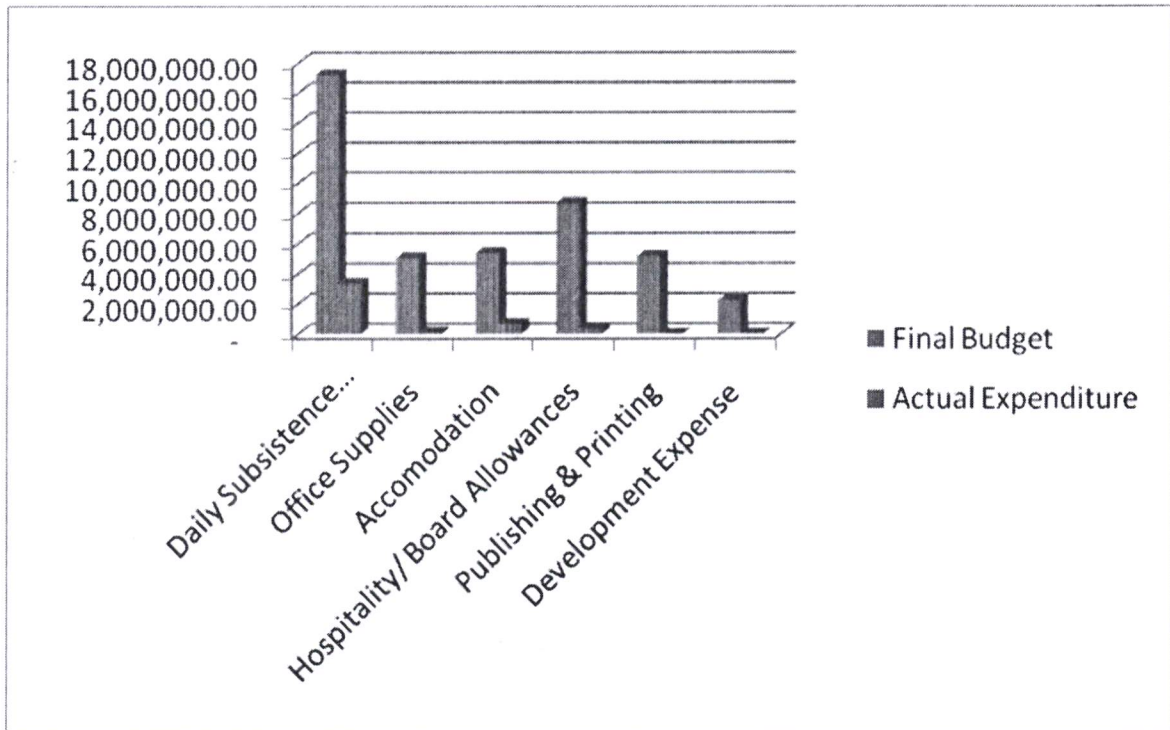
Figure 1: Graphical Representation of Final budget versus Actual collection the financial year.



The Directorate spent Kshs 4,511,660 on implementing its mandate. This is an increase of 1.92% from the previous financial year's expenditure.

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

Figure 2: Graphical Representation of Budgeted Expenditure versus Actual expenditure for the financial year.



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

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

Kisii County Alcoholic Drinks Control Fund 2024-2025 Performance

The Kisii County Alcoholic Drinks Control Fund exceeded its revenue target for the 2024-2025 fiscal year, collecting Kshs 19,626,551 against a projected budget of Kshs 18,500,000. This impressive collection represents 106% of the budgeted revenue, with the primary source being licensing fees. This over-performance highlights strong compliance and effective revenue collection strategies within the county.

Underutilization of Budgeted Funds

In contrast to its revenue success, the fund significantly underutilized its expenditure budget. Out of a total budgeted expenditure of Kshs 43,789,268, only Kshs 4,511,660 was spent. This amounts to just 10.3% of the allocated funds. This substantial under-spending indicates that a large portion of the planned activities or projects for the year were not executed. Potential reasons for this could include delays in project implementation, administrative bottlenecks, or challenges in procurement, leading to a significant carryover of funds to the next financial year.

Introduction

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

The key objectives of the Kisii County Alcoholic Drinks Control Directorate during the FY 2024/2025 were:

- a) Public education and Advocacy
- b) Counselling, rehabilitation and reintegration
- c) Compliance, quality control and standards

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Public education and advocacy	To enhance awareness on the effects of Alcohol and substance abuse	Reduced number of Alcohol and drug abuse dependency in Kisii County	Number of awareness activities conducted	In FY 2024/2025 the Directorate through NACADA incorporation conducted compliance checks and sensitization of bar owners.

Kisii County Alcoholic Drinks Control Fund

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

<p>Counselling rehabilitation and reintegration</p>	<p>To reduce alcohol and drug dependency.</p>	<p>Reduced number of individuals depending on alcohol and substance</p>	<p>Level of completion of Kiamwasi rehabilitation centre</p>	<p>-The Directorate Through the Department of Trade and Tourism constructed retaining wall at Kiamwasi rehabilitation centre. The budget was domiciled in the department of Trade and tourism before changing the Directorate to the department of Youth, sports and culture.</p>
<p>Compliance quality control and standards</p>	<p>To regulate the production, sale and use of Alcoholic Drinks in the County</p>	<p>Increased compliance as per the Kisii County Alcoholic Drinks Control Act 2015</p>	<p>Inspections conducted.</p>	<p>The Directorate through the sub county liquor committees conducted inspections and authorized opening and closure of liquor outlets in the county. The Directorate conducted random swoops to ensure compliance as per Alcoholic Drinks Control Act 2015.</p>

7. Corporate Governance Statement

The Kisii County Alcoholic Drinks Control Directorate is governed by a nine-member board. While the board itself has no direct members from the Department of Administration, Sub-County Administrators, who also serve as chairpersons of the Sub-County alcoholic drinks control committees, are invited to meetings as needed. This ensures a clear line of communication, as these administrators report directly to the County Department of Administration.

Key Board & Committee Details

A new board and its sub-county committee members were officially inaugurated in 2023. It's important to note that the County Executive Committee Member (CECM) for Youth, Sports, Culture, Arts and Social Services is responsible for all board appointments. However, the Kisii County Alcoholic Drinks Control Act of 2015 does not specify a process for removing board members.

The board's primary role is to support and facilitate the work of the sub-county committees and to review the decisions they make, ensuring that all operations align with the fund's objectives.

Purpose of the fund

The Fund shall be used for meeting the capital and recurrent expenditure relating to Carrying out the functions of the Directorate. This is outlined in section 4 of the Kisii County Alcoholic Drinks Control Act and includes the following:

- Support and facilitate Sub- County Committees in carrying out their functions.
- Carry out public education on alcoholic drinks control in the County directly and in collaboration with other public or private bodies and institutions.
- Facilitate citizen participation in matters related to alcoholic drinks control in accordance with framework for citizen participation established under the County Governments Act, the Urban Areas and Cities Act or any other relevant written law.
- Facilitate and promote in collaboration with other County and National Government institutions the establishment of treatment and rehabilitation facilities and programmes.
- Carry out research directly or in collaboration with other institutions and serve as the repository of data and statistics related to alcoholic drinks control.
- Develop in collaboration with other county national government department's strategies and plans for implementing this Act and control of alcohol abuse and any other relevant national legislation and coordinate and support their implementation.
- Advise the Executive Member generally on the exercise of his powers and performance of his functions under this Act, and in particular on county policy and laws to be adopted in regard to the production, manufacture, sale and consumption of alcoholic drinks.

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

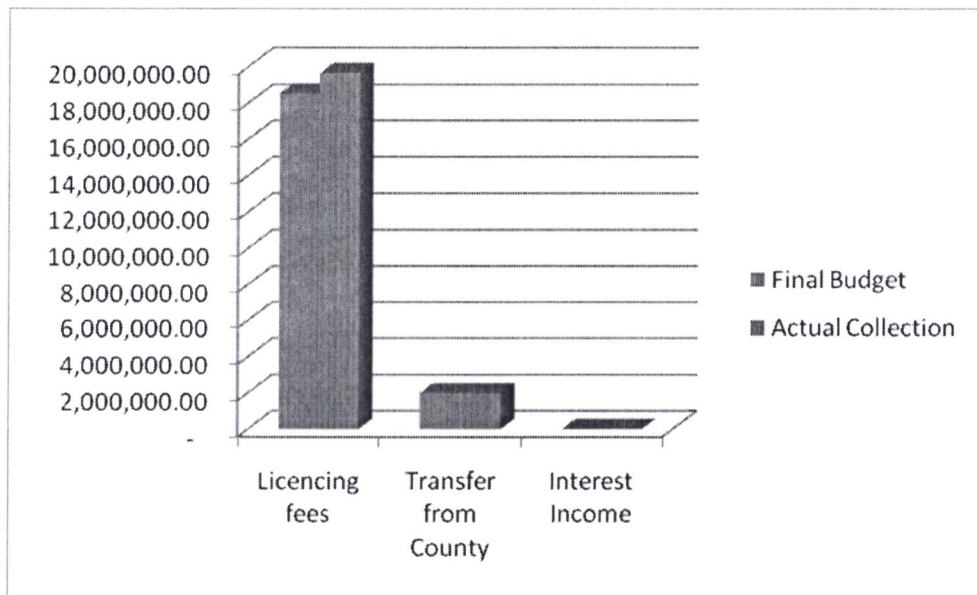
- In collaboration with other relevant county departments, prepare and submit an alcoholic drinks status report bi-annually in the prescribed manner to the Executive Member which shall be transmitted to the County Executive Committee, county assembly and the Authority; recommend to the Executive Member participate in the formulation of laws regulations related to alcoholic drinks; and regulations related to alcoholic drinks; monitoring and evaluating the implementation of this Act including the operations of the Sub-county Committees and advising the Executive Member on the measures to be adopted.
- Review decisions made by the Sub- County Committee; and
- Carry out such other functions as may be necessary for the implementation of the objects and purpose of this Act and perform such other functions as may, from time to time, be assigned by the Executive Member¹.
- Assisting in the operations of the Sub-County Committees any other matter.

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

8. Management Discussion and Analysis

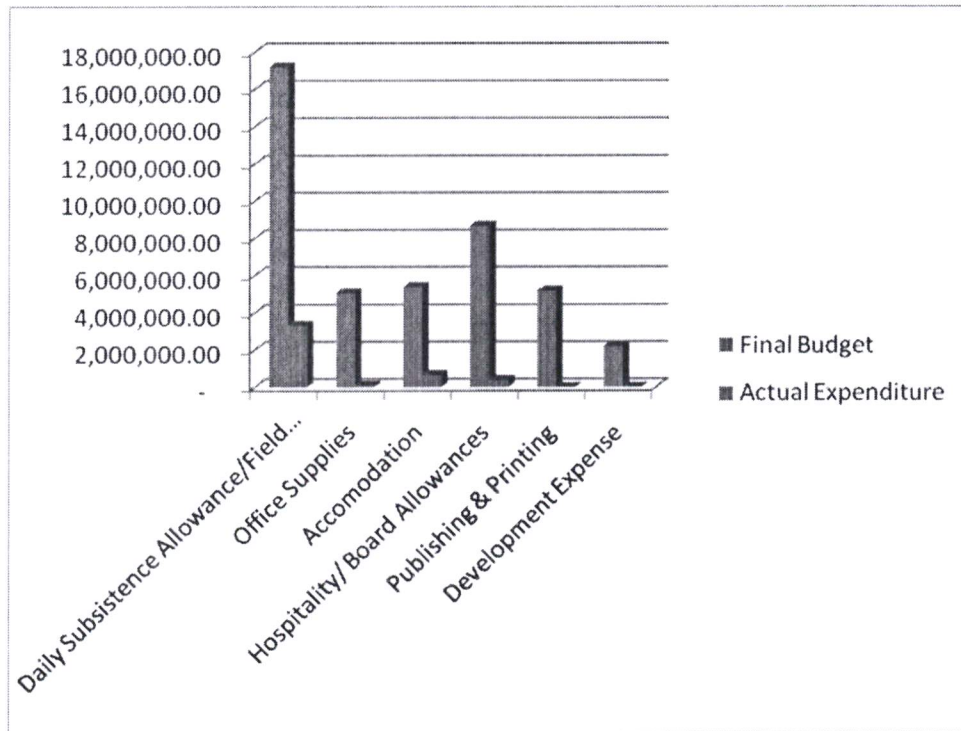
The Kisii County Alcoholic Drinks Control Fund exceeded its revenue target for the 2024-2025 fiscal year, collecting Kshs 19,626,551 against a projected budget of Kshs 18,500,000. This impressive collection represents 106% of the budgeted revenue, with the primary source being licencing fees. This over-performance highlights strong compliance and effective revenue collection strategies within the county.

Figure 1: Graphical Representation of Final budget versus Actual collection the financial year.



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

Figure 2: Graphical Representation of Budgeted Expenditure versus Actual expenditure for the financial year.



The Directorate was able to absorb Kshs 4,511,660 representing an absorption rate of 10.3% of the total budget.

Key Projects

The Kisii County Government, through the Department of Trade Tourism and Industry has constructed a rehabilitation centre at Kiamwasi, in Kitutu Central ward. Upon full completion, this rehabilitation centre will be handed over to the Directorate of Alcoholic Drinks control as stipulated in the Kisii County Alcoholic Drinks control, Act (2015).

The construction of the Rehabilitation Block has been completed but additional funds have been allocated under Department of Trade, Tourism & Industry to construct retainer wall in the financial year 2024/2025 which is on-going. The Directorate is in the forefront in operationalizing this facility, once the remaining works are completed.

9. Environmental and Sustainability Reporting

The Kisii County Alcoholic Drinks Control Fund exists to improve livelihoods of people by enforcing preventative measures to illegal production, sale, distribution, consumption, and advertising of alcoholic drinks within the county. This is what guides us to deliver our strategy, which is founded on the Kenya Vision 2030 Social Pillar: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements:

1. Sustainability strategy and profile

The fund manager will institute a team that will develop the Directorate's 2025-2030 Strategic plan. This document will guide the operations of the directorate in raising awareness on social issues pertaining alcohol and drug abuse. The Plan will also address revenue measures put in place to maximize collections while protecting citizens and stakeholders. It will also provide a clear framework on drug addiction treatment, rehabilitation, and reintegration in line with World Health Organizations regulations. The Directorate will seek to operationalize the Kiamwasi rehabilitation centre in the plan period.

2. Environmental performance

All development projects within the directorate's mandate will comply with the National Environmental Management Authority requirements.

Together with the County Department of Environment, the Directorate is in the process of developing a framework for safe disposal of alcoholic drinks containers, chemical waste and other by-products of alcohol production.

3. Employee welfare.

The directorate staffing is managed by the County Department of Youth, Sports, Culture and Social Services. There has been strict adherence to the Human resource policies and procedures manual. Continually, the directorate has trained several staff in managing alcohol and drug abuse at the workplace. All directorate offices are compliant to the Occupational safety and health Act of 2007.

4. Market place practices-

In the year under review the directorate has strict marketplace management practices which include.

- i. Enforcement of strict operating hours for alcoholic drinks outlets in line with the Alcoholic Drinks Control regulations. Warning notices are issued to non-compliant outlets and some licenses have been revoked due to continued non-compliance.
- ii. The directorate imposes licensing fees on Alcohol Distributors in the County in line with the Finance Act. Equally licenses are issued and may be revoked on non-compliance.
- iii. All outlets have complied with the requirement of relevant warnings within their premises.

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

10. Report of The Board

The Board submit their report together with the 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 are carrying out the functions of the Directorate which is outlined in Section four of the Kisii County Alcoholic Drinks Control Act, 2015.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 7

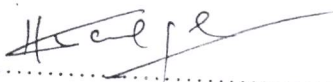
Board

The members of the Board of Management who served during the year are shown on page V.

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 for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....
Chair of the Board/Fund

Date:

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

11. 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 Kisii County Alcoholic Drinks Control Fund established by The Kisii County Alcoholic Drinks Control Act shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

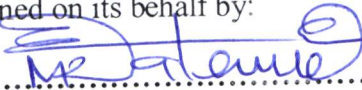
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on 30th June 2025. This responsibility includes: (i) 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 judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Kisii County. 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 26/08 2025 and signed on its behalf by:


.....

Cs, CPA Vincent Ratemo Mirera

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 KISII COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kisii County Alcoholic Drinks Control Fund set out on pages 1 to 26, which comprise of the statement of [financial position as at 30 June, 2025 and the statement of financial position, statement of changes

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

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 Kisii 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 Kisii County Alcoholic Drinks Control Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0. Irregular Borrowing and Unconfirmed Receivables from Non-Exchange Transactions

The statement of financial position and as disclosed in Note 6 to the financial statements shows current portion of long-term receivables from non-exchange transactions balance of Kshs.10,138,416. Review of records revealed that this balance relates to borrowings by the County Treasury, comprising Kshs.4,138,416 paid to an advocate and Kshs.6,000,000 paid to the Council of Governors on behalf of the County Treasury. These payments were inconsistent with Section 6(4)(a), (b) and (c) of the Kisii County Alcoholic Drinks Control Act, 2015, which provides that the Fund shall be used to meet capital and recurrent expenditure for carrying out the functions of the Directorate under Section 4, to support the operations of the Sub-County Committees, and to cover other incidental matters related to these purposes.

In addition, no evidence was provided to confirm that the County Treasury acknowledged receipt of the funds. Further, there is no agreement between the County Treasury and the Fund outlining the terms and conditions of the borrowed money.

In the circumstances, the borrowings of Kshs.10,138,416 by the County Treasury was irregular and its recoverability is doubtful.

2.0. Unsupported Revenue Collection

The statement of financial performance and as disclosed in Note 1 to the financial statements reflects licensing fees amount of Kshs.19,626,551. However, review of the revenue collection process for licensing fees revealed several weaknesses. While permits were printed electronically, invoicing and receipting for license applicants were still done manually. The revenue control sheet for accountable documents was not provided for verification, making it difficult to ascertain the number of receipt and invoice books in the officer's possession.

Further, the liquor licensing collection register also exhibited inefficiencies, including licenses that were printed but not collected by applicants, and missing license numbers in the register. In addition, application forms were not supported by mandatory documents

such as public health certificates and lacked critical information, including the physical address of the entity (e.g., building name, plot number, and street name). Additionally, supporting documents such as sub-county outlet listings showing the licensed outlets, the type of license applied for, and the amounts paid during the financial year 2024/2025 were not provided.

In the circumstances, the accuracy and completeness of the reported revenue of Kshs.19,626,551 could not be confirmed.

3.0. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 5 to the financial statements reflects current portion of receivables from exchange transactions balance of Kshs.7,721,000 which includes Kshs.2,961,000 from the 2023/2024 financial year. However, Management did not provide a ledger showing the opening balance, amounts collected during the year, and the resulting outstanding balance as at 30 June, 2025. Additionally, no ageing analysis of the receivables was provided for audit.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.7,721,000 could not be confirmed.

4.0. Inaccurate Property, Plant and Equipment Balances and Weaknesses in the Management of Fixed Assets

The statement of financial position reflects nil balance in respect of property, plant and equipment. However, information provided indicated that the Fund had some completed buildings, parcels of land, computers, furniture, fittings among other assets in its possession whose values had not been determined and reported in the financial statements. Further, details of the land size, values and the ownership documents or title deeds for the parcels of land owned by the Fund were not provided for audit. In addition, the County Executive's asset register capturing such assets was not provided for audit.

Further, Management did not maintain fixed assets register to record necessary information such as date of acquisition, type of assets, suppliers' names, costs, accumulated depreciation, net book values, asset codes, custodians and locations among other details in respect of the assets the Fund owned. As a result, it was not possible to establish fully depreciated assets, bonded items and how the same will be written off in the books of accounts.

In the circumstances, the accuracy, completeness and fair presentation of the nil balance in respect of property, plant, and equipment could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.43,789,268 and Kshs.40,155,819 respectively, resulting in underfunding of Kshs.3,633,449 or 8% of the budget. Similarly, the fund did not utilize its development budget of Kshs.2,229,268.

In addition, the Fund spends Kshs.4,511,660 out of the actual receipts of Kshs.40,155,819, resulting in underutilization of Kshs.35,644,159 or 89%.

Further, the approved original and supplementary budget were not provided for audit review.

The underfunding and underutilization affected planned activities and may have negatively impacted service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the prior year's audit report, 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 Fund in 2024/2025 revealed that the following matters remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unconfirmed Accuracy of Licensing fees Amount
2	2023/2024	Unconfirmed Property, Plant and Equipment Balance
3	2023/2024	Unconfirmed Accuracy of the Statement of Cash Flows
4	2023/2024	Budgetary Control and Performance
5	2023/2024	Irregular Application of the Fund's Resources
6	2023/2024	Failure to Develop and Implement Rehabilitation Facilities and Programs
7	2023/2024	Lack of Approved Strategic Plan
8	2023/2024	Weak Internal Controls and Governance
9	2023/2024	ICT Environment and Business Continuity Plan/Data Recovery Mechanism

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Establish the County Alcoholic Drinks Control Directorate

Review of documents revealed no evidence that the Kisii the County Alcoholic Drinks Control Directorate was established contrary to Section 4(1) of the Kisii County Alcoholic Drinks Control Act, 2015 which states that there is hereby established in the County the Alcoholic Drinks Control Directorate which shall be an office in the County Public Service. Further, there is no evidence that the directorate has been supporting Sub-county Committees and conducting public education on alcohol control, either directly or in collaboration with public or private bodies. Evidence was not provided that the directorate facilitated citizen participation, undertook and stored research and data on alcohol control, and developed strategies and plans with other government entities for implementation of this the Act and national legislation on alcohol abuse. Additionally, the Directorate did not advise the Executive Member on the exercise of his powers, and on appropriate county policy and laws to be adopted regarding alcoholic drinks control. This was contrary to section 4(3)(a)(b)(e)(f) and (g) of the Kisii County Alcoholic Drinks Control Act, 2015.

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

2. Failure to Prepare and Submit Alcoholic Drinks Status Report

Review of documents did not reveal evidence that the Directorate, together with other County departments, prepared and submitted a bi-annual alcoholic drinks status report to the Executive Member for onward transmission to the County Executive Committee, County Assembly and the Authority. There was also no evidence that the Directorate recommended or participated in the formulation of laws or regulations relating to alcoholic drinks, or that it monitored, evaluated and oversaw implementation of the Act, including the work of Sub- County Committees, while advising the Executive Member on appropriate measures. In addition, the review found no evidence that the Directorate reviewed decisions made by Sub- County Committees. This was contrary to the provisions of Section 4(3)(h)(i)(j) and (k) of the Kisii County Alcoholic Drinks Control Act, 2015.

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

3. Failure to Establish Treatment and Rehabilitation Facilities and Programs

Documents reviewed did not show evidence that the Directorate, in collaboration with relevant County and National Government agencies, established treatment and rehabilitation facilities and programs for persons dependent on alcoholic drinks in each Ward. There was also no evidence that the Directorate ensured these facilities were adequately staffed with the necessary human resources for effective operation and service delivery. Additionally, the Directorate did not ensure that the treatment and rehabilitation services were designed to be accessible and affordable to persons dependent on alcohol. This was contrary to provisions of Section 5(1)(a)(b) and (c) of the Kisii County Alcoholic Drinks Control Act, 2015.

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

4. Failure to Prepare and Approve a Procurement Plan

The Fund did not prepare and approve a procurement plan with details of activities to be undertaken by the Fund for the year ended 30 June, 2025. This was contrary to Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

5. Failure to Act on Internal Audit Reports

A review of internal audit reports dated 18 February 2025 and 19 August 2025 revealed that management failed to fast-track the implementation of internal audit recommendations and to follow up on the implementation of external audit recommendations. There were no responses or action plans from the departments to demonstrate that the recommendations had been addressed, contrary to Section 149(2)(l) of the Public Finance Management Act, 2012, which requires Accounting

Officers to attempt to resolve any outstanding audit issues. In addition, the Fund did not respond to the issues raised by the Internal Audit Unit.

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

6. Lack of Provision for Winding Up the Fund

Audit review of the Kisii County Alcoholic Drinks Control Fund Act, 2015 revealed that the Act does not provide the winding up procedure for the Fund, contrary to Regulation 198 of the Public Finance Management (County Governments) Regulations, 2015.

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

7. Failure to Achieve Objectives of the Fund

Review of documents revealed no evidence that the Fund Administrator had implemented research, treatment and rehabilitation for persons dependent on alcoholic drinks, contrary to Section 3(2) of the Kisii County Alcoholic Drinks Control Act, 2015, which states that the object and purpose of the Act includes to control the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for persons dependent on alcoholic drinks.

Further, the Management did not provide evidence that the fund had put in place measures to protect the residents of the County from the harmful effects of alcoholic drinks to both adults and persons below the age of 18. There is no evidence that measures had been put in place to eliminate illicit trade in alcohol. This was contrary to Section 3(2)(a)(b)(c)(d)(f) and (h) of the Kisii County Alcoholic Drinks Control Act, 2015 which states that the object and purpose of the Act includes protect the health of the individual in the county from the dangers of excessive consumption of alcoholic drinks, protect persons under the age of eighteen years from negative impact on health and social development from exposure to advertisements of alcoholic drinks, protect consumers of alcoholic drinks from misleading or deceptive inducements and inform them of the risks of excessive consumption of alcoholic drinks, protect the health of persons under the age of eighteen years by preventing their access to alcoholic drinks, adopt and implement effective measures to eliminate illicit trade in alcohol including smuggling, illicit manufacturing and counterfeiting, reduce and mitigate the negative health, social and economic impact on communities resulting from production, sale and consumptions of alcoholic drinks.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Fraud, Risk Management Policy and Strategy

Review of documents revealed that the Fund did not have a risk management policy or strategy in place and therefore lacked approved processes and guidelines for mitigating operational, legal and financial risks. This is contrary to Section 158(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires the Accounting Officer to ensure that the entity develops risk management strategies, including fraud prevention mechanisms, and establishes a system of risk management and internal control to support robust business operations.

Further, Management had not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure. In addition, the Fund did not maintain a risk register or conduct formal risk assessments during the financial year under review. The absence of a risk register, which serves as a central repository of identified risks and the corresponding mitigation measures, implies that the Fund may not be effectively tracking or addressing its risk exposure.

In addition, the Fund did not have in place a fraud management policy to assist in detecting and preventing fraud.

In the circumstances, the effectiveness of risk management in the Fund could not be confirmed.

2. Lack of an Approved Strategic Plan and Organization Structure

Audit review established that the Fund had not developed or implemented an approved strategic plan and a formal organizational structure to guide its operations, resource allocation, and performance monitoring. The absence of these key governance and management tools means that the institution lacks a clear long-term strategic direction, a performance framework against which to assess its achievements, and defined roles, reporting lines, and accountability mechanisms.

Under the circumstances, the absence of an approved strategic plan and formal organizational structure has left the Fund without clear strategic direction, performance monitoring frameworks, and defined roles and accountability mechanisms, undermining effective governance and operational efficiency.

In the circumstances, the effectiveness of internal controls, risk management and Governance in the Fund could not be confirmed.

3. Weakness in Internal Audit Function and Absence of Audit Committee

The internal controls, risk management, governance mechanisms, and overall operations of the Kisii County Alcoholic Drinks Control Fund are audited by the Kisii County Executive's Internal Audit Unit to promote transparency and accountability. However, no audit committee has been established. As a result, the Fund has not received any recommendations for improvement arising from the review and analysis of internal audit reports by an audit committee.

Further, the Fund was audited only twice during the year, with two reports made available: the first, dated 18 February 2025, covering the first and second quarters; and the second, dated 19 August 2025, covering the third and fourth quarters. This was contrary to Regulation 166(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires the Head of Internal Audit to prepare quarterly internal audit reports covering areas provided for in the guidelines and in the prescribed format. In addition, there was no approved Internal Audit Work Plan or Internal Audit Charter in place, contrary to Regulation 163(2)(b) of the Public Finance Management (County Governments) Regulations, 2015, which requires that annual work plans be approved by the audit committee and shared with the Accounting Officer for inclusion in the entity's budget.

In the circumstances, the effectiveness of internal controls, risk management and Governance in the Fund could not be confirmed.

4. Lack of ICT Policies, Plans and Procedures

An evaluation of the Funds's IT internal controls revealed that there was no formally documented and approved plan to manage system changes and upgrades made to the existing ICT systems. The Fund lacked an ICT Steering Committee and an ICT strategic plan to formulate policies and advice on ICT investment priorities. Further, a business continuity plan and a disaster recovery plan were not provided. In addition, there is no approved framework to guide ICT procedures in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability. There is no reliable off-site information back-up system in place.

In the circumstances, the effectiveness of ICT internal controls 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.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

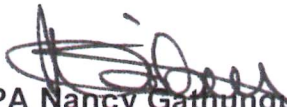
Auditor-General's Responsibilities for the Audit

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
RevenueFromExchangeTransactions			
Licensing fees	1	19,626,551	19,770,200
Other incomes	2	-	3,608
TotalRevenue		19,626,551	19,773,808
Expenses			
Use of goods and services	3	4,511,660	4,426,531
TotalExpenses		4,511,660	4,426,531
Surplus/(Deficit) forthePeriod		15,114,891	15,347,278

The notes set out on pages 8 to 23 form an integral part of these Financial Statements

VINCENT MIREGA
 Name: [Signature]
 Administrator of the Fund

JO [Signature]
 Name: JOHN MANDARI
 Fund Accountant
 ICPAK Member Number: 13733

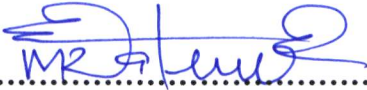
Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Position As at 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	25,505,743	23,289,268
Current Portion of Long- Term Receivables From Exchange Transactions	5	7,721,000	2,961,000
Current Portion of Long- Term Receivables From Non-Exchange Transactions	6	10,138,416	2,000,000
Total current assets		43,365,159	28,250,268
Non-Current Assets			
Property, Plant and Equipment		-	-
Total non- current assets		-	-
Total Assets (A)		43,365,159	28,250,268
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions		-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		43,365,159	28,250,268
Represented By:			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		43,365,159	28,250,268
Net Assets		43,365,159	28,250,268

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 26/08/2025 and signed by:

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



.....
Name: **VINCENT MIRERA**
Administrator of the Fund



.....
Name: **John Mwangi**
Fund Accountant
ICPAK Member Number: **13733**

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

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	-	-	12,902,990	12,902,990
Surplus/(Deficit) For the Period	-	-	15,347,278	15,347,278
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	28,250,268	28,250,268
Balance As At 1 July 2024	-	-	28,250,268	28,250,268
Surplus/(Deficit) For the Period	-	-	15,114,891	15,114,891
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	-	-	43,365,159	43,365,159

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

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cashflowsfromoperatingactivities			
Receipts			
Licencing fees		14,866,551	19,770,200
Other Income		2,000,000	3,608
Total receipts		16,866,551	19,773,808
Payments			
Use of goods and services		4,511,660	4,426,531
Transfer to County Government		10,138,416	
Total Payments		14,650,076	4,426,531
Decrease in Receivables		-	1,889,000
Netcashflowsfromoperatingactivities	7	2,216,475	17,236,278
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangibleassets		-	-
Netcashflowsusedininvestingactivities		-	-
Cashflowsfromfinancingactivities			
Repayment of borrowings		-	-
Netcashflowsusedinfinancingactivities		-	-
Netincrease/(decrease)incash&cash Equivalents		2,216,475	17,236,278
Cashandcashequivalentsat1July		23,289,268	561,670
Cashandcashequivalentsat30 June		25,505,743	23,289,268

17. Statement of Comparison Of Budget And Actual Amounts For The Period Ended 30th June 2025

Description	Originalbudget	Adjustments	Finalbudget	Actualon comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryover	23,289,268		23,289,268	23,289,268	0	100.00
Revenue					0	
Licencing fees	18,500,000	-	18,500,000	14,866,551	3,633,449	80.36
Transfers From County Govt.	2,000,000	-	2,000,000	2,000,000	0	100,00
Interest Income	0	-	0	0	0	-
TotalIncome	43,789,268	-	43,789,268	40,155,819	3,633,449	91.70
Expenses						
Daily Subsistence Allowance & Field Operation	17,200,000		17,200,000	3,347,000	13,853,000	19.46
Training/ Capacity Building	5,400,000	-	5,400,000		5,400,000	-
Hospitality/ Board Allowances	8,680,000	-	8,680,000	1,067,000	7,613,000	12.29
Publishing & Printing	5,200,000	-	5,200,000	29,900	5,170,100	0.58
Other Operating expenses	5,080,000	-	5,080,000	67,760	5,012,240	1.33
Development Expense	2,229,268		2,229,268		2,229,268	-
TotalExpenditure	43,789,268	-	43,789,268	4,511,660	39,277,608	10.30
SurplusForthePeriod	-	-	0	35,644,159	-35,644,159	-

Budget notes

- i. The under-collection of revenue was occasioned challenging economic conditions, resulting to closure of businesses and increased defaulters
- ii. The underutilization of the funds budget was caused by non implementation of the budget and work plans

Budget Reconciliation

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	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	35,644,159
1	Transfer to Treasury (Borrowed Funds)	10,138,416
	Closing Cash and Cash Equivalent as per the statement of Cash flows	25,505,743

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18. Notes to the Financial Statements

1. General Information

Kisii County Alcoholic Drinks Control entity is established by and derives its authority and accountability from the Kisii County Alcoholic Drinks Control Act. The entity is wholly owned by the Kisii County Government and is domiciled in Kenya. The fund's objective is to provide for the licensing and regulation of the production, sale, distribution, consumption, and outdoor advertising, of alcoholic drinks, and for connected purposes.

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 30th June 2025

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to

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Standard	Effective date and impact
	<p>impairment testing; and</p> <ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which</p>

Kisii County Alcoholic Drinks Control Fund
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Standard	Effective date and impact
	were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact:
IPSAS 43	<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 cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be</p>

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Standard	Effective date and impact:
Discontinued Operations	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.

(iii) Early adoption of standards

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

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1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 30th June 2024. Subsequent revisions or additional appropriations were not made.

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.

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Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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.

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Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the entity's financial statements. 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 amortized 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.

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Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized 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).

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Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

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Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

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

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Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

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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 judgments, 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.

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.

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Notes To The Financial Statements

1. Licensing fees

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Wholesalers	1,451,000	2,347,000
Club	2,169,000	2,461,000
Bar & Restaurants	11,781,551	9,954,000
Wines & Spirits	2,461,000	2,572,200
Small Bar	-	930,000
Application fees	663,000	698,000
Distributors	1,101,000	808,000
Total	19,626,551	19,770,200

Note:

- i. Included in Licensing fees is Kshs 5,335,000 of Trade Receivables.
- ii. Bar and Restraunts is inclusive of small bars.

Note: Arrears of Receipts for Bar & Restaurants and Small bar was aggregated under Bar & Restaurants

2. Other Receipts

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Interest income	-	3,608
Total Other Income	-	3,608

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3. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Daily Subsistence Allowance (DSA)	54,000	970,200
Field Operation	3,293,000	3,203,000
Office Supplies	29,900	60,000
Accommodation	672,000	-
Hospitality/ Board Allowances	395,000	110,300
Publishing & Printing	-	55,100
Bank Charges	67,760	27,931
Total	4,511,660	4,426,531

4. Cash and Cash Equivalent

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Account	25,505,743	23,289,268
Total Cash And Cash Equivalents	25,505,743	23,289,268

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

Financial Institution	Account number	FY 2024/2025
		Kshs
c) Current Account		
National Bank of Kenya	1090952900	25,505,743
Sub- Total		25,505,743

5. Receivables from exchange transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Receivables		
Debtors	7,721,000	2,961,000
Total Current Receivables	7,721,000	2,961,000

Kisii County Alcoholic Drinks Control Fund

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6. Receivables from Non-Exchange transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Borrowings By County Treasury	10,138,416	2,000,000
Total Inventories at The Lower of Cost and Net Realizable Value	10,138,416	2,000,000

7. Cash generated from operations

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	15,114,891	15,347,278
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase/Decrease in Receivables	-12,898,416	1,889,000
Increase In Payables	-	-
Net Cash Flow From Operating Activities	2,216,475	17,236,278

Kisii County Alcoholic Drinks Control Fund

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Notes To The Financial Statements (Continued)

8. 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'	2,000,000	11,450,000
Transfers To Related Parties	2,000,000	11,450,000

c) Due from related parties

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Due From County Treasury	10,138,416	2,000,000
Total	10,138,416	2,000,000

Kisii County Alcoholic Drinks Control Fund*Annual Report and Financial Statements For the year ended 30th June 2025***1. 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)	Time frame: (Put a date when you expect the issue to be resolved)
1.0	Unconfirmed Accuracy of Licensing Fees Amount	The Management has addressed	Resolved	
2.0	Unconfirmed Property, Plant and Equipment Balance	The fund has no Property, Plant and Equipment	Resolved	
3.0	Unconfirmed Accuracy of the Statement of Cash Flows	The amounts were reflected as operating activities since the objective of the fund is not financing.	Resolved	
	Unresolved Prior year matters	The Management is committed in addressing outstanding matters	Unresolved	31 st December,2025
	Budgetary Control and Performance	The management is in the process of addressing it.	Not Resolved	31 st December,2025
1.0	Irregular Application of the Funds Resources	The management is in the process of addressing it.	Not Resolved	31 st December,2025
2.0	Failure to Develop and Implement	The management is	Not Resolved	31 st December,2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
	Rehabilitation Facilities and Programs	yet to provide a budgetary provision for the completion of remaining works for operationalization of the facility		
1.0	Lack of Approved strategic Plan	The management is in the process of addressing it.	Not Resolved	31 st December,2025
2.1	Control weaknesses over cash and cash equivalent management	The management has addressed the matter.	Resolved	
2.2	Lack of Risk Management and Fire Management Strategy	The management is in the process of addressing it.	Not Resolved	31 st December,2025
2.3	Lack of Finance and Accounting Policy Manual Other Key Policy Manuals	The management is in the process of addressing it.	Not Resolved	31 st December,2025
3.0	Information Communication and Technology (ICT) Environment and Businesses plans and Data Recovery Mechanisms	The management is in the process of addressing it.	Not Resolved	31 st December,2025

Fund Administrator


VINCENT MIRERA

Date: 02/12/2025

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