



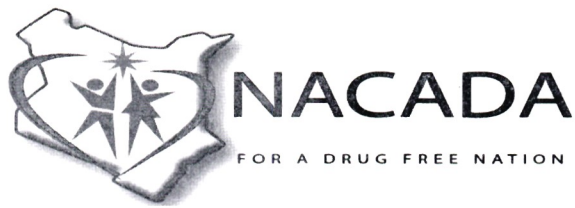
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# **ANNUAL REPORT AND FINANCIAL STATEMENTS ON ALCOHOLIC DRINKS CONTROL FUND**

**NATIONAL AUTHORITY FOR THE CAMPAIGN  
AGAINST ALCOHOL AND DRUG ABUSE**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**





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**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**



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**1. Board of Management's Report**

The National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA) Board of Directors is pleased to submit the following Financial Statements for the year ended 30<sup>th</sup> June 2013.

**2. Legal Status**

NACADA was established by Parliament through the National Authority for the Campaign Against Alcohol and Drug Abuse Act 2012. It replaced the National Campaign Against Drug Abuse (NACADA) Authority that had been set up through Legal Notice No. 140 published on 29<sup>th</sup> June 2007 in the Kenya Gazette.

**3. NACADA Vision and Mission**

*(i) Vision*

A Nation free from the negative effects of alcohol and drug abuse.

*(ii) Mission*

To provide leadership on policy development, education, regulation, management, programme implementation and research co-ordination on matters pertaining to drug and substance abuse in Kenya.

**4. Board of Management**

**(i) Appointed Members**

Hon. John Mututho (current Chairman, Gazetted 19/09/2013)

Dr. Frank Njenga (out-going Chairman till 25/08/2013)

Dr. Sam M. Wanjihia

Prof. Clara Momanyi

Sheikh Juma Ngao

Dr. Wilfred Kogo

Hon. George O. Achola

Mr. Fazul Mohammed

Mr. Mathias Wanyela

**(ii) Ex-officio Members**

Dr. William N. Okedi (Secretary) — Chief Executive Officer

Mr. Charles F. Kimani — Ministry of Interior & Co-ordination of National Government

Mr. Mohammed Mwinyipembe — Ministry of Education

Dr. Kepha Ombacho	—	Ministry of Health
Mr. Jonathan Soi	—	Directorate of Youth Affairs
Mrs. Anne Mugo	—	National Treasury
Mr. Hamisi Massa	—	Anti-Narcotic Unit

**5. Other Relevant Information**

**(i) Principal Bankers:**

- Kenya Commercial Bank  
Milimani Branch, Nairobi.
- Co-operative Bank of Kenya  
Ukulima Branch, Nairobi.

**(ii) Principal Advocates:**

The Attorney General of the Republic of Kenya

**(iii) Auditors**

**Auditor General**

Kenya National Audit Office  
P. O. Box 30084- 00100  
NAIROBI.

**(iv) Registered Office/Domicile**

National Authority for the Campaign Against Alcohol and Drug Abuse  
NSSF Building, Block 'A'  
Eastern Wing 18<sup>th</sup> Floor  
P.O. Box 10774, 00100 GPO  
Nairobi, KENYA

## STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITY

The National Authority for the Campaign Against Alcohol and Drug Abuse Act 2012 requires the Board of Directors to ensure that proper books and other records of accounts of income, expenditure, assets and liabilities of the Authority are kept. This calls for preparation of Financial Statements.

The Board accepts this responsibility and therefore has prepared the attached Financial Statements as at 30<sup>th</sup> June 2012 based on prudence in judgement in accordance with the International Financial Reporting Standards (IFRS).

In the opinion of the Board, nothing has come to the attention that the Authority will not remain a going concern for at least twelve months from the date of this statement. However, recommendations by the Task Force on Parastatal Sector Reforms may have a bearing on the operations of the Authority.

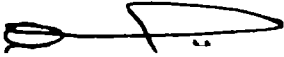
### Committees of the Board

- Finance Committee
- Staff and Welfare Committee
- Audit Committee
- Technical Committee

Chairman:.....

**Hon. John Mututho, EBS**

Date:.....

Chief Executive Officer.....  


**Dr. William N. Okedi, HSC**

Date: 21/1/14.....

## **CHIEF EXECUTIVE OFFICER'S REPORT FY 2012-13**

The Alcoholic Drinks Control Fund was established under Section 5 of the Alcoholic Drinks Control Act, 2010 to meet the cost of:

- (a) Research, documentation and dissemination of information on alcoholic drinks.
- (b) Promoting national cessation and rehabilitation programs.
- (c) Assisting in the operations of the District Alcoholic Drinks Regulation Committees and relevant civil society programs.

The Fund draws its receipts mainly from licensing of alcohol business.

The Alcoholic Drinks Control Act, 2010 further provides that 50% of the proceeds from the Fund shall be used to finance the operations of the District Committees while 15% shall fund the relevant civil society programs. The rest is apportioned to NACADA.

Activities reported here below were undertaken in fulfilment of NACADA's Performance Contract for FY 2012-13 as it relates to implementation of the Alcoholic Drinks Control Act, 2010 with funding for the activities being drawn from the Alcoholic Drinks Control Fund.

### **1. Scale up output-based treatment system**

- NACADA supported the renovation of a female drug abuse rehabilitation unit at Coast General Hospital, the support amounted to Kshs. 3.9 million;
- The Authority also supported infrastructural development of an addiction treatment and rehabilitation unit at Moi Teaching and Referral Hospital, which amounted to Kshs. 4.4 million;

### **2. Strengthen NACADA Authority**

- Four regional offices were set up and operationalized as follows:
  - Nairobi, 24<sup>th</sup> January 2013
  - Kisumu, 4<sup>th</sup> February 2013
  - Nyeri, 6<sup>th</sup> February 2013
  - Mombasa, 22<sup>nd</sup> April 2013
- At the same time, the Authority recruited and deployed staff as follows:
  - Regional Programs Managers – 4
  - Regional Programs Officers – 8
  - Regional Administrative Assistants – 4
  - Regional Drivers – 4
  - ADCA Accountant – 1



### 3. Youth and children programs

To reach children and youth both in and out of learning institutions, the Authority undertook the following:

- Choir competitions held in various parts of the country as follows:
  - Nairobi region finals, Sarakasi Dome Ngara, 6<sup>th</sup> June 2013
  - Nyanza region finals, Kisumu Municipal Hall, 7<sup>th</sup> June 2013
  - Central region finals, Nyeri Museum Hall, 7<sup>th</sup> June 2013
  - Coast region finals, Mombasa Women Hall, 18<sup>th</sup> June 2013
- Supported inclusion of ADA prevention in schools and colleges drama competitions with thematic sponsorship of Kshs. 2 million, training of script writers in January 2013, training of adjudicators in February 2013 and attendance at national level festivals in Mombasa in April 2013.
- Supported inclusion of ADA prevention in schools and colleges music competitions with thematic sponsorship of Kshs. 3.6 million, training of adjudicators in May 2013, participation in regional competitions and attendance at national level festival in Nakuru in August 2013.

### 4. Co-ordinated IEC strategy

- During the year, NACADA engaged the following print media to publicize the campaign: *Your Doctor magazine, KATTI newsletter, Sword of the Defender magazine, Friday Bulletin magazine, Higher Education Institutions Handbook, The Insyder magazine, Executive Talk magazine, Daily Nation, The Standard, The Star, People Daily and Taifa Leo.*
- During the year, the following electronic media (radio & TV) was engaged: Hope FM, Ghetto Radio, Milele FM, KBC Radio Taifa, Radio Mambo, Radio Maisha, Citizen Radio, Wemwaro FM, NTV, KBC TV, KTN and Citizen TV.
- The Authority participated and sensitized the public in the following events:
  - (i) Kisii ASK Show, 12<sup>th</sup> to 15<sup>th</sup> July 2012
  - (ii) Mombasa International Trade Fair, 29<sup>th</sup> August to 2<sup>nd</sup> September 2012
  - (iii) Central Kenya Show (Nyeri) 11<sup>th</sup> to 15<sup>th</sup> September 2012
  - (iv) Northern Kenya Show (Garissa), 20<sup>th</sup> to 22<sup>nd</sup> September 2012
  - (v) Nairobi International Trade Fair, 1<sup>st</sup> to 7<sup>th</sup> October 2012
  - (vi) North Rift ASK Show (Kitale) 2<sup>nd</sup> to 5<sup>th</sup> November 2012
  - (vii) World AIDS Day, Nakuru, 1<sup>st</sup> December 2012
  - (viii) Eldoret ASK Show, 20<sup>th</sup> to 23<sup>rd</sup> February 2013
  - (ix) World No Tobacco Day, Kisii, 31<sup>st</sup> May 2013
  - (x) 2<sup>nd</sup> National Conference on ADA, 10<sup>th</sup> to 13<sup>th</sup> June 2013

- (xi) Day of the African Child, Nairobi, 15<sup>th</sup> June 2013
- (xii) Western Kenya ASK Show Kakamega, 20<sup>th</sup> to 22<sup>nd</sup> June 2013
- (xiii) IDADA 2013 in Kisumu, Kerugoya, Nairobi and Malindi – 26<sup>th</sup> June 2013

#### **5. Community prevention initiatives**

- Held regional leaders' consultative forums on ADA as follows:
  - Coast region, Mombasa, 26<sup>th</sup> to 28<sup>th</sup> Aug 2012, 115 participants
  - Nairobi region, Nairobi, 30<sup>th</sup> to 31<sup>st</sup> Aug 2012, 150 participants
  - North Rift region, Eldoret, 10<sup>th</sup> to 11<sup>th</sup> Sept 2012, 130 participants
  - South Rift region, Nakuru, 13<sup>th</sup> to 14<sup>th</sup> Sept 2012, 110 participants
  - Western region, Kakamega, 1<sup>st</sup> to 2<sup>nd</sup> Oct 2012, 80 participants
  - Nyanza region, Kisumu, 4<sup>th</sup> to 5<sup>th</sup> Oct 2012, 134 participants
  - Eastern region, Embu, 25<sup>th</sup> to 27<sup>th</sup> Nov 2012, 140 participants

#### **6. Deepening policy and legal reform**

- The Authority facilitated a multi-sectoral team that developed Guidelines for Alcoholic Drinks Control under County Governments at a retreat held in Morendat (Naivasha) on 15<sup>th</sup> April 2013, 23 participants.

#### **7. National ADA control policy**

- The following policy documents were reviewed and updated at a retreat of the National Technical Committee on Drug Abuse and Trafficking (NTC) held in Naivasha from 14<sup>th</sup> to 19<sup>th</sup> April 2013, and forwarded to the parent Ministry:
  - National Drug and Substance Abuse Control Policy
  - National Alcohol Policy
  - Narcotic Drugs and Psychotropic Substances Control Policy
  - National Strategy on Prevention, Control and Mitigation of Alcohol, Drug and Substance Abuse.

#### **8. National Strategy**

- A stakeholders' workshop for members of the National Technical Committee on Drug Abuse and Trafficking (NTC) was held at Morendat (Naivasha) on 15<sup>th</sup> April 2013 that reviewed and finalized the National Strategy on Prevention, Control and Mitigation of Alcohol, Drug and Substance Abuse. The workshop had 23 participants.

#### **9. Produce accurate and timely data on ADA**

- The Authority commissioned a survey to document the levels of alcoholic drinks

consumption and related illness and deaths in Kenya. The survey was carried out and a report of findings compiled.

- During the FY 2012-13, the Authority funded the following 3 independent researches:
  - *Knowledge, Attitudes and Practices of Christian FBOs on ADA*: Prof. Isaac Nyamongo and team
  - *Magnitude and Impact of ADA in the Private Sector Workplace*: Dr. Maurine Lilleskov and team
  - *Magnitude, Socio-economic and Health Impacts of ADA among Pastoralist Communities in Kenya*: Dr. Karatu Kiemo and team.

#### **10. Partnership with public and private sector**

- The Authority held the 2<sup>nd</sup> National Conference on Alcohol and Drug Abuse at Kasarani from 10<sup>th</sup> to 13<sup>th</sup> June 2013. The Conference was officially opened by President Uhuru Kenyatta, and it had 1,097 participants in attendance.

#### **11. Collaboration with international partners**

- The Authority's officers attended the 3<sup>rd</sup> East Africa Conference on Alcohol held from 24<sup>th</sup> to 25<sup>th</sup> September 2012 in Arusha, Tanzania.
- In February 2013, the Authority and representatives from other key institutions made a benchmarking visit to Uganda to document the manufacture, sale and consumption of *Waragi* with a view to informing appropriate policy and measures on *chang'aa*.

#### **12. Wellness of Kenyans**

- In order to vet and regulate advertisements of alcoholic drinks, the Authority facilitated meetings of the Alcoholic Drinks Control Promotion Regulation Committee as follows:
  - 28<sup>th</sup> and 29<sup>th</sup> December 2012, Utalii Hotel
  - 28<sup>th</sup> February 2013, NACADA office
  - 24<sup>th</sup> April 2013, NACADA office
- To improve understanding of the Alcoholic Drinks Control Act 2010 and support County/ Sub-County (District) Committees to conduct anti-alcohol abuse interventions, the Authority conducted the following regional trainings:
  - Nairobi ADCA Committees, 14<sup>th</sup> to 19<sup>th</sup> October 2012 Nairobi, 84 pax
  - Nyanza ADCA Committees, 28<sup>th</sup> Oct to 3<sup>rd</sup> Nov 2012 Kisumu, 327 pax
  - Coast ADCA Committees, 28<sup>th</sup> Oct to 3<sup>rd</sup> Nov 2012 Mombasa, 143 pax
  - South Rift ADCA Committees, 18<sup>th</sup> to 24<sup>th</sup> November 2012 Egerton, 190 pax
  - North Rift ADCA Committees, 18<sup>th</sup> to 24<sup>th</sup> November 2012 Eldoret, 178 pax
  - Central ADCA Committees, 19<sup>th</sup> to 24<sup>th</sup> November 2012 Nairobi, 150 pax
  - Upper Eastern ADCA Committees, 28<sup>th</sup> to 30<sup>th</sup> November 2012 Embu, 184 pax

- Lower Eastern ADCA Committees, 28<sup>th</sup> Nov to 1<sup>st</sup> Dec 2012 Nairobi, 200 pax
- North Eastern ADCA Committees, 20<sup>th</sup> to 22<sup>nd</sup> December 2012 Mwingi, 22 pax
- Western-Bgm ADCA Committees, 19<sup>th</sup> to 22<sup>nd</sup> December 2012 Bungoma, 106 pax
- Western-Kkmga ADCA Committees, 19<sup>th</sup> to 22<sup>nd</sup> December 2012 Kakamega, 120 pax
- The Authority conducted regional stakeholder sensitizations on the NACADA Act 2012 and Guidelines for Management of the Alcoholic Drinks Control Fund at County Level as follows:
  - Eastern region, 12<sup>th</sup> February 2013, Embu, 49 pax
  - Western region, 21<sup>st</sup> February 2013, Kakamega, 48 pax
  - Rift Valley region, 27<sup>th</sup> February 2013, Nakuru, 47 pax.

**KENYA NATIONAL AUDIT OFFICE**

**REPORT OF THE AUDITOR-GENERAL ON ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE 2013 – NATIONAL AUTHORITY FOR THE CAMPAIGN AGAINST ALCOHOL AND DRUG ABUSE**

**REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of Alcoholic Drinks Control Fund set out on pages 8 to 16, which comprise the statement of financial position as at 30 June 2013 and the statement of comprehensive income, statement of accumulated funds and statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. 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.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

**Auditor-General's Responsibility**

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.



## **Basis for Qualified Opinion**

### **1. Unexplained Direct Credits to the Bank**

Included in the income from issuance of licenses amounting to Kshs. 713,554,350 are Direct Credits to the bank amounting to Kshs. 94,712,894.00 which were not analysed and supported. Further, no schedules or bank statements were made available for audit verification. As a result, the direct credits to the bank amounting to Kshs. 94,712,894.00 could not be confirmed and accounted for.

### **2. Unsupported Expenditures**

The statement of comprehensive income reflects expenditure of Kshs. 253,791,416.00 under funding for Districts Alcoholic Drinks Regulation Committee Operations. However, an amount of Kshs. 59,824,100.48 has not been supported with documentary evidence. Further, the supporting documents for disbursement of the total amount of Kshs. 253,791,416.00 from NACADA to the districts were for Kshs. 253,589,416.00 leaving a balance of Kshs. 202,000.00 un explained.

### **3. Unaccounted Operational Expenditure**

The Authority resolved through a Board meeting to pay each County and Regional Commissioner Kshs. 50,000.00 per year for operational expenses totaling Kshs. 2,600,000.00. It is however noted that the payment voucher for this transfer was approved by the Accounting Officer on 8 April 2013 long after payment had been made on 5 March 2013. No returns have been received from the Commissioners to show how the money was spent. Further, no explanation has been given for the anomaly in the dates of effecting and approving payments on 26 March 2013 and 8 April 2013 respectively.

### **4. Unauthorized Payment**

The Authority paid Kshs. 1,000,000.00 to the PS – Provincial Administration and Internal Security for a conference of District Commissioners. There is n basis for such payment in the NACADA Act and, the PS did not avail names of the payees, and amounts paid to each. The amount has not been recovered or accounted for to date.

### **5. Non-Surrender of Alcoholic Drinks Fees by various Districts**

Issuance of licenses across several districts had several improprieties on the part of officers at the District level entrusted to collect license fees and issue licenses on behalf of NACADA leading to various losses totaling Kshs. 14,421,080.00. The amount has not been recovered to date nor have the officers been held responsible to account or compensate the Authority for the losses incurred with possible prosecution in a court of law.

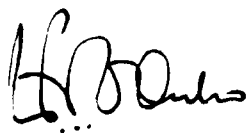
### **6. Un-Surrendered Licenses/Receipt Books**

The Authority issued license and receipt books to the Districts for the licensing of premises selling alcoholic drinks. This role was devolved to the counties and the Transition Authority Vide Legal notice No. 16 dated 01 February 2013 communicated the immediate transfer of this role to the counties. The license and receipt books issued by NACADA have not been returned.

Consequently, it is feared that these documents could be used and money collected not remitted to the Authority. The Authority's efforts have only managed to get returns from seven Districts within Kiambu County.

**Qualified opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Alcoholic Drinks Control Act, 2010.



Edward R.O. Ouko, CBS  
**AUDITOR GENERAL**

**Nairobi**

**19 February 2014**

**NACADA - ALCOHOLIC DRINKS CONTROL FUND  
STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2013**

	Notes	2012/2013 Ksh	2011/2012 Ksh
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	2	9,578,031	-
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalent	3	1,037,743, 406	756,940,839
Trade and Other Receivables	4	<u>74,980,898</u>	<u>-</u>
<b>TOTAL</b>		<u><b>1,112,724,304</b></u>	<u><b>756,940,839</b></u>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	5	27,337,067	-
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>27,337,067</b></u>	<u><b>-</b></u>
<b>NET CURRENT ASSETS</b>		<u><b>1,085,387,237</b></u>	<u><b>756,940,839</b></u>
<b>TOTAL NET ASSETS</b>		<u><u><b>1,094,965,268</b></u></u>	<u><u><b>756,940,839</b></u></u>
<b>REPRESENTED BY</b>			
Capital Fund		10,000	10, 000
Retained Earnings		1,094,955,268	756,930,839
<b>Accumulated fund</b>		<u><u><b>1,094,965,268</b></u></u>	<u><u><b>756,940,839</b></u></u>

Chairman ..... **Hon. John Mututho, EBS** .....

Signature ..... Date .....

Chief Executive Officer ..... **Dr William N. Okedi, HSC** .....

Signature .....  ..... Date ..... **21/1/14** .....

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2013**

	Notes	2012/2013 Ksh	2011/2012 Ksh
<b>INCOME</b>			
Revenue from issuance of Licences	6	713,554,350	757,288,369
Interest on Treasury Bills Investments		34,013,761	-
<b>Total income</b>		<u>747,568,111</u>	<u>757,288,369</u>
<b>EXPENDITURES</b>			
Bank charges		138,180	110,530
Refund of Licence fees	7	298,000	247,000
Staff costs	8	18,243,343	-
Travelling costs	9	2,814,976	-
Campaign expenses	10	96,177,127	-
Administrative costs	11	5,066,132	-
Training expenses	12	4,405,488	-
Maintenance costs	13	785,018	-
Provision for Audit fee		580,000	-
Depreciation Charge	2	3,028,095	-
Funding of District Alcoholic Drinks Regulation Committees' operations		253,791,416	-
Funding of Civil society organizations		23,635,908	-
<b>Total Expenditures</b>		<u>408,963,682</u>	<u>357,530</u>
<b>Surplus/Loss</b>		<u>338,604,429</u>	<u>756,930,839</u>

**STATEMENT OF THE CHANGES IN ACCUMULATED FUNDS FOR THE YEAR  
ENDED 30<sup>TH</sup> JUNE 2013**

	<b>Capital (Ksh)</b>	<b>Revenue Reserves (Ksh)</b>	<b>Total Ksh</b>
<b>Balance B/Fwd. 01.07.2011</b>	-	-	-
Surplus for the year	10,000	756,930,839	756,940,839
<b>Balances as at 30<sup>th</sup> June 2012</b>	<b>10,000</b>	<b>756,930,839</b>	<b>756,940,839</b>
<b>Balance B/Fwd. 01.07.2012</b>	10,000	756,930,839	756,940,839
*Prior year adjustment (provision for audit fee)	-	(580,000)	(580,000)
Surplus for the year		338,604,429	338,604,429
<b>Balances as at 30<sup>th</sup> June 2013</b>	<b>10,000</b>	<b>1,094,955,268</b>	<b>1,094,965,268</b>

\*Prior year adjustment relates to Audit fee for 2011-12 financial year for which no provision had been made



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

Operating activities	Notes	2012/2013	2011/2012
		<u>Ksh</u>	<u>Ksh</u>
Net Surplus for Year		338,604,429	756,930,839
Add back depreciation charged for the year	2	3,028,095	-
Prior year adjustment (Audit fee)		(580,000)	-
Operating surplus before working capital changes		<u>341,052,524</u>	<u>756,930,839</u>
<b>Working capital changes</b>			
Accounts receivables	4	(74,980,898)	-
Accounts payable	5	27,337,067	-
Net cash generated from operating activities		<u>293,408,693</u>	<u>756,930,839</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(12,606,126)	-
Net increase in cash & cash equivalent		<u>280,802,567</u>	<u>756,930,839</u>
At the start of the year		756,940,839	10,000
At the end of the year		<u><u>1,037,743,406</u></u>	<u><u>756,940,839</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

### 1. PRINCIPAL ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) under the historical cost convention.

#### (b) Recurrent Funds

The major source of income for the Fund is fees accruing from application and issuance of alcoholic drinks licences. Income is recognised when received.

#### (c) Fixed Assets

All Property plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of assets.

#### (d) Depreciation

Depreciation on assets is calculated on a reducing balance basis to write down the cost of assets to their residual values over estimated useful life. The following depreciation rates have been applied:

- Motor Vehicle – 25% per annum
- Computer and accessories – 30% per annum
- Furniture and fittings – 12.5% per annum
- Equipment – 30% per annum.

#### (e) Currency

Financial statements have been presented using Kenya shillings rounded off to the nearest shilling.

### 2. PROPERTY, PLANT AND EQUIPMENT

The Authority obtained assets under the fund for facilitation of operations specified under the ADCA, 2010.

**Property Plant and Equipment Schedule as at 30<sup>th</sup> June 2013**

	<b>Motor Vehicles (Ksh)</b>	<b>Furniture &amp; Fittings (Ksh)</b>	<b>Computers &amp; accessories (Ksh)</b>	<b>Total</b>
Balance B/f 01.07.12	-	-	-	-
<b>Additions:</b>	10,834,626	1,211,500	560,000	12,606,126
Disposal				-
<b>TOTAL</b>	<b>10,834,626</b>	<b>1,211,500</b>	<b>560,000</b>	<b>12,606,126</b>
Acc. Depreciation as at 01.07.12	-	-	-	-
Depreciation for the year	2,708,657	151,438	168,000	3,028,095
<b>ACC. Depreciation as at 30.06.13</b>	<b>2,708,657</b>	<b>151,438</b>	<b>168,000</b>	<b>3,028,095</b>
<b>Net book value as at 30.06.13</b>	<b>8,125,969</b>	<b>1,060,062</b>	<b>392,000</b>	<b>9,578,031</b>

**3. Cash and Cash Equivalent**

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh</b>	<b>Ksh</b>
Cash at hand	81,635	-
<b>Bank accounts Balances</b>		
K.C.B ADC Fund a/c- Milimani Branch	160,251,360	455,957,329
K.C.B – NACADA Central office	280,750	-
K.C.B – NACADA Coast office	1,141,396	-
K.C.B – NACADA Nairobi regional office	824,639	-
K.C.B – NACADA Nyanza office	843,650	-
Co-operative Bank of Kenya Ukulima Branch	40,065,984	300,983,510
Investment in Govt. Treasury Bills	834,253,992	-
<b>Total</b>	<b>1,037,743,406</b>	<b>756,940,839</b>

4. Trade and Other Receivables	2012/2013	2011/2012
	Kshs	Kshs
Interest from T/bills investments	25,834,765	-
Ernest & Young- un-disbursed funds	*49,146,133	-
<b>Total</b>	<b>74,980,898</b>	<b>-</b>

\* Ms Ernest & Young was appointed Fund Management agent for Civil society funds. A total of Ksh 72,782,041 was remitted to facilitate funding of Civil Society organizations out of which 23,635,908 was disbursed as at 30.06.13

#### 5. Accounts Payables

	2012/13	2011/12
Toyota Kenya	5,264,529	-
General Motors E.A	4,585,000	-
Walter Thompson	1,064,300	-
Kenafic Diaries	1,636,000	-
Peter Koome	1,878,180	-
Dr. Karatu Kiemo	800,000	-
Nation Media Group	313,200	-
Presbyterian Guest House	750,000	-
Radio Maisha	174,000	-
Kenya Broadcasting Corporation	250,560	-
Romanus Opiyo	680,000	-
Royal Media Services	928,000	-
Standard Group Ltd	597,400	-
Refund of Staff costs paid from NACADA grant account	7,835,898	-
Audit fees	580,000	-
<b>Total</b>	<b>27,337,067</b>	<b>-</b>

#### 6. Income

The fund draws its receipts mainly from licensing of alcohol business. The Act further provides that 50% of the proceeds from the fund shall be used to finance the operations of the District Committees while 15% shall fund the relevant civil society programs. The rest is apportioned to NACADA for purposes of administering the Fund. The Authority also generates some revenue from investment of funds in Treasury bills as provided for under Section 6(2) of the ADCA, 2010

	<b>2012/13</b>	<b>2011/2012</b>
	<b>Kshs</b>	<b>Kshs</b>
Income from issuance of licences	618, 841, 456	659, 389, 536
Direct credits to the bank statement	94, 712, 894	97, 898, 833
<b>Total Income</b>	<b>713, 554, 350</b>	<b>757, 288, 369</b>

- (a) Income to the Fund is applied for meeting the capital and recurrent expenditure relating to activities below in line with the provisions of Section 5 of the Alcoholic Drinks Control Act;
- (i) Research, documentation and dissemination of information on alcoholic drinks.
  - (ii) Promoting national cessation and rehabilitation programs.
  - (iii) Assisting in the operations of the District Committees and civil society programs as provided for by the act.
- (b) Direct Credits to the bank statements  
This relates to Licence fee deposited directly to the Authority's bank account and the respective districts had not filed returns with NACADA.

#### 7. Refund of Licence Fees

The expenses relates to settlement of claims on overpaid licence fees and refunds of deposits for unsuccessful licence applicants.

#### 8. Staff Costs

	<b>2012/13</b>	<b>2011/12</b>
	<b>Ksh</b>	<b>Ksh</b>
(a) Basic salaries	9,562,383	-
(b) Personal allowances		-
(c) Staff medical insurance	8,090,283	
	572,677	
(d) Contribution to NSSF	18,000	-
<b>Total</b>	<b>18, 243, 343</b>	<b>-</b>

#### 9. Travelling Costs

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh</b>	<b>Ksh</b>
Domestic Travelling costs	1,290,270	-
Domestic accommodation and subsistence	1,524,706	--
<b>Total</b>	<b>2,814,976</b>	<b>-</b>



<b>10. Campaign Expenses</b>	<b>2012/13</b>	<b>2011/12</b>
	<b>Ksh</b>	<b>Ksh</b>
(a) Printing and publishing expenses	1,766,082	-
(b) Advertising and publicity	84,433,012	-
(c) Subscription fees for newspapers	94,923	-
(d) Catering services	1,853,631	-
(e) Consultancy services	8,029,479	-
<b>Total</b>	<b>96,177,127</b>	<b>-</b>

<b>11. Administrative Expenses</b>	<b>Ksh</b>	<b>Ksh</b>
(a) Communication and supplies	1, 051, 815	-
(b) Rent	1, 200, 216	-
(c) Office and general supplies services	1, 653, 140	-
(d) Fuel oil and lubricants	1, 160, 961	-
<b>Total</b>	<b>5, 066, 132</b>	<b>-</b>

<b>12. Training Expenses</b>	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh</b>	<b>Ksh</b>
(a) Hire of training facility	4, 405, 488	-
<b>Total</b>	<b>4, 405, 488</b>	<b>-</b>

<b>13. Maintenance Costs</b>	<b>2012/13</b>	<b>2011/2012</b>
	<b>Ksh</b>	<b>Ksh</b>
(a) Motor vehicles	545,402	-
(b) Other assets	239,616	-
<b>Total</b>	<b>785,018</b>	<b>-</b>