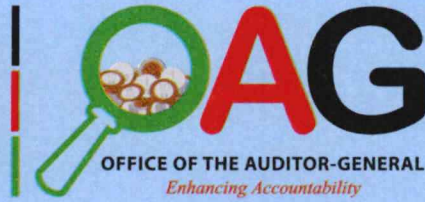


REPUBLIC OF KENYA



REPORT



OF



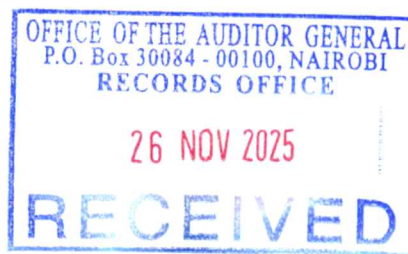
THE AUDITOR-GENERAL

ON

PHARMACY AND POISONS BOARD

FOR THE YEAR ENDED

30 JUNE, 2025



PHARMACY AND POISONS BOARD

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)**

I. Table of Contents

1.	Acronyms and Definition of Key Terms.....	ii
2.	Key Pharmacy and Poisons Board Information and Management.....	iii
3.	Profile of the Board of Directors.....	vii
4.	Profiles of CEO and Key Management.....	viii
5.	Statement by the Chairperson of the Board of Directors.....	ix
6.	Statement by the Chief Executive Officer.....	xi
7.	Statement of Performance against Predetermined Objectives for FY 2024/2025.....	xiii
8.	Governance Statement.....	xiv
9.	Management Discussion and Analysis.....	xviii
10.	Environmental and Sustainability Reporting.....	xx
11.	Statement of Directors Responsibilities.....	xxii
12.	Report of the Independent Auditor for the Financial Statements of Pharmacy and Poisons Board for the year ended June 30, 2025.....	xxiv
13.	Statement of Financial Performance for the year ended June 30, 2025... 1	
14.	Statement of Financial Position as at June 30, 2025.....	2
15.	Statement of Changes in Net Assets for the year ended June 30, 2025..... 3	
16.	Statement of Cash Flows for the year ended June 30, 2025.....	4
17.	Statement of Comparison of Budget and Actual Amounts as at June 30, 2025.....	5
18.	Notes to the Financial Statements.....	8
19.	Appendix.....	44

1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
TNT	The National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPB	Pharmacy and Poisons Board
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

Asset – A resource controlled by the Pharmacy and Poisons Board from which future economic benefits or service potential are expected to flow to the entity

Liability – A present obligation of the Board arising from past events, the settlement of which is expected to result in an outflow of resources.

2. Key Pharmacy and Poisons Board Information and Management

a) Background information

The Pharmacy and Poisons Board (PPB) was established in 1957 under the Pharmacy and Poisons Act, Cap 244 Laws of Kenya. The Board is domiciled in Kenya with its headquarters in Nairobi and has regional offices in Central, Upper Eastern, Lower Eastern, Nyanza, Western, North Rift, South and Coast Region.

In addition, PPB operates POE offices at key border points to facilitate regulatory control of imported and exported health products and technologies, including: JKIA, Kilindini, Namanga, Malaba and Isebania.

b) Mandate

The Pharmacy and Poisons Board is responsible for regulating the Practice of Pharmacy and the Manufacture and Trade in drugs and poisons. It implements the appropriate regulatory measures to achieve the highest standards of safety, efficacy and quality for all drugs, chemical substances and medical devices, locally manufactured, imported, exported, distributed, sold, or used, to ensure the protection of the consumer as envisaged by the laws regulating drugs in force in Kenya.

Vision

To be a Global Leader in Promoting and Protecting Public Health.

Mission

To Protect and Promote the Health of the Public by Regulating the Profession of Pharmacy and ensuring access to Quality, Safe, Efficacious and Affordable Health Products and Technologies.

Core Values

Commitment to Public Health, Professionalism, Accountability and Transparency, Integrity and Respect, Quality, Diversity and Inclusion

Functions/Principle Activities

The functions as provided for in the Pharmacy and Poisons Act (Cap 244) include:

Part 1: Health Products and Health Technologies Functions

- 1. Regulate the manufacture, import and export, storage, distribution, sale and use of health products;*
- 2. Regulate, monitor and inspect personnel and premises that are involved in the manufacture, import and export, storage, distribution, sale, use and disposal of health products;*
- 3. Maintain a register of health products for which marketing authorization has been granted;*
- 4. Regulate clinical trials of health products and health technologies;*
- 5. Test health products regulated under this law;*
- 6. Conduct post-marketing surveillance of safety and quality of health products;*
- 7. Regulate the promotion, advertising and marketing of health products;*

8. *Regulate the use of unregistered health products for trial purposes or for compassionate use;*
9. *Disseminate information on the quality and safety of health products to health professionals and the public;*
10. *Disseminate information on health products to health professionals and to the public in order to promote their responsible use; and*
11. *Collaborate with other national, regional and international institutions on health products regulation.*

Part 2: Pharmacy Practice Functions

1. *Regulate the training, continuing professional development (CPD) and practice of pharmacy;*
2. *Regulate, monitor and inspect personnel and premises that are involved in training, CPD and pharmacy practice;*
3. *Maintain a register of pharmacy practitioners for which licensure or authorization has been granted;*
4. *Disseminate information on pharmacy practice to health professionals and to the public in order to promote Good Pharmacy Practice; and*
5. *Collaborate with other national, regional and international institutions on regulation of the pharmacy profession.*

Part 3: Common Functions

1. *Advise the Cabinet Secretary of Health on all matters relating to administration and implementation of the Act;*
2. *Levy, collect and utilise fees for services rendered; and*
3. *Perform such functions as may be assigned by the Board of Directors.*

c) Key Management

The Pharmacy and Poisons Board's day-to-day management is under the following key organs:

Office of the Chief Executive Officer/Registrar

Directorates:

- *Directorate of Corporate Services*
- *Directorate of Pharmacy Practice*
- *Directorate of Medical Products and Health Technologies*
- *Directorate of Quality Control & Laboratory Services*

Independent Offices

- *Internal Audit & Risk Assurance*
- *Supply Chain Management*
- *Legal Services & Corporation Secretary*
- *Corporate Communications*
- *Planning, QMS & Research and Development*

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name	Date of Appointment	Period Served
1.	Chief Executive Officer / Registrar	Dr. Fred M. Siyoi	July 2019	Served up to September 2025
2.	Ag. Chief Executive Officer/Registrar	Dr. Ahmed Mohamed	October, 2025	From October 2025 up-to date
3.	Director, Corporate Services	Dr. Anthony Toroitich	January 2018	to date
4.	Director, Pharmacy Practice	Dr. Wilfred Ochieng	July 2015	To date
5.	Director, Health and Products Technologies	Dr. Ahmed Mohamed	July 2015	Served up to September 2025

e) Fiduciary Oversight Arrangements

The Pharmacy and Poisons Board (PPB) has established fiduciary oversight mechanisms to ensure sound financial management, accountability, and compliance with the Public Finance Management (PFM) Act, 2012, and other applicable laws and regulations.

1. Board of Directors

The Board of Directors provided strategic leadership, policy direction, and fiduciary oversight of the Board's operations up to **March 2025**, when its term came to an end. The Board was responsible for approving budgets, work plans, and financial statements, and for ensuring effective governance and compliance with applicable laws and regulations.

2. Audit & Risk Committee

The Audit Committee, provided independent assurance on the adequacy and effectiveness of the internal control environment, risk management, and governance frameworks. It reviewed internal and external audit reports and tracked implementation of audit recommendations

3. Public Investments Committee on Social Services, Administration and Agriculture

The Public Investments Committee on Social Services, Administration and Agriculture (PIC-SSAA) functions as a parliamentary watchdog committee that scrutinizes the use of public funds to ensure public resources are used efficiently, effectively, and prudently. This involves reviewing financial accounts and performance reports of public investments,

holding institutions accountable for mismanagement, and verifying that public bodies operate according to sound business principles.

f) Pharmacy and Poisons Board Headquarters

P.O. Box 27663 – 00506,
Pharmacy and Poisons Board Building,
Lenana Road, Nairobi, Kenya

g) Pharmacy and Poisons Board Contacts

Telephone: 0709770100
E-mail: registrar@ppb.go.ke
Website: web.pharmacyboardkenya.org

h) Pharmacy and Poisons Board Bankers

1. National Bank of Kenya

Hill Branch

P.O. Box 45219 - 00100

Nairobi, Kenya

2. The Cooperative Bank of Kenya

Parliament Road

P.O Box 5772-00200,

Nairobi, Kenya

3. Absa Bank Kenya Plc

Bunyala Road

P.O Box 72058-00200,

Nairobi, Kenya

i) Independent Auditors



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

j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112 - 00200,
Nairobi, Kenya





3. Profile of the Board of Directors

The Pharmacy and Poisons Board (PPB) is governed by a Board of Directors established under the Pharmacy and Poisons Act, Cap 244, Laws of Kenya. The Board provides policy and strategic oversight in the regulation of health products and technologies in Kenya.

S/N o	Board Member's passport-size photo	Name & Date of Birth	Profession/ Academic Qualification	Designation & Main Responsibility
1	 <p>Dr. John Munyu, MBS</p>	<p>Dr. John Munyu Date of Birth: 27-07-1962</p>	<ul style="list-style-type: none"> • Pharmacist • Public Policy Expert. 	<p>Board Chairman Provides overall leadership to the Board and ensures effective governance and oversight of the institution.</p>
2.		<p>Dr. Ahmed Mohamed Date of Birth: 01-05-1973</p>	<p>Pharmacist and Management Professional.</p>	<p><i>Ag. Chief Executive Officer: Responsible for the day-to-day management of the organization and implementation of the Board's strategic decisions.</i></p>

Note: The term of the previous Board of Directors ended in March 2025

4. Profiles of CEO and Key Management

S/N o	Management team's Passport-size photo	Profession/ Academic Qualification	Main Responsibility
1.	 Dr. Ahmed Mohamed Ag Chief Executive Officer/Registrar	Pharmacist, B. Pharm (University of Nairobi)	<ul style="list-style-type: none"> ➤ Provides overall leadership in the formulation, implementation, and review of policies, laws, and regulations governing the activities of the Pharmacy and Poisons Board. ➤ Oversees the execution of the Board's strategic and operational plans.
2.	 Dr. Wilfred Ochieng Director, Pharmacy Practice	Pharmacist, B. Pharm (UON)	Leads and coordinates regulatory activities related to pharmacy practice to ensure the highest attainable standards of pharmaceutical care and professional competence.
4.	 Dr. Obadiah Naikuni Director, Laboratory Services	Pharmacist B. Pharm (UON)	Oversees the formulation and implementation of policies, regulations, and strategies for the testing and quality assurance of medical products and health technologies.
5.	 Dr. Anthony Martin Toroitich Director, Corporate Services	Pharmacist B. Pharm (Makerere), MSc (UK)	Regulate corporate strategies for the HRM, Finance, Corporate Communication, Administration & Information Technology

5. Statement by the Chairperson of the Board of Directors

The past financial year has been a dynamic and transformative period for the Pharmacy and Poisons Board (PPB), characterized by significant achievements, persistent challenges, and an unwavering commitment to safeguarding public health. As the National Regulatory Authority for Health Products and Technologies (HPTs), the Board has continued to play a critical role in ensuring that all Kenyans have access to safe, effective, and quality-assured medical products.

During the year under review, PPB undertook a range of initiatives to strengthen regulatory oversight and align its operations with global best practices. The Board consolidated its regulatory frameworks by revising and updating several guidelines to reflect international standards and the recommendations of the World Health Organization (WHO). These reforms provided greater clarity, consistency, and efficiency in regulatory processes, thereby reinforcing public confidence in the safety and quality of medical products.

A major focus of the year was the expansion of post-market surveillance systems. This initiative enhanced the Board's capacity to monitor the safety and performance of HPTs already in use, ensuring timely identification and response to potential risks. The streamlining of the registration and approval process further improved regulatory efficiency, significantly reducing turnaround times. Through reliance mechanisms for products from Stringent Regulatory Authorities (SRAs), PPB facilitated faster access to essential medicines, vaccines, and technologies while maintaining rigorous safety and efficacy standards.

To safeguard patients from adverse health outcomes, the Board also invested in strengthening pharmacovigilance systems. By enhancing the collection, reporting, and analysis of adverse drug reactions, PPB ensured a more responsive framework for addressing safety concerns and improving patient outcomes.

Beyond its regulatory function, the Board continued to ensure that pharmaceutical services across the country are provided by qualified professionals operating from duly licensed premises. The crackdown on illegal and unqualified practitioners remained a priority, reinforcing the integrity of pharmaceutical practice and protecting the public from substandard and potentially harmful services. In addition, PPB advanced environmental stewardship by instituting mechanisms for the proper disposal of hazardous pharmaceutical waste, while progressively adopting e-solutions to streamline internal operations and enhance service delivery.

Capacity building was another area of notable progress. Through strategic partnerships with international regulatory bodies and development partners,

PPB invested in strengthening the technical competencies of its staff. Training, knowledge exchange, and exposure to emerging global regulatory trends equipped the Board with the skills needed to effectively regulate a rapidly changing pharmaceutical landscape. Locally and regionally, PPB engaged actively with key stakeholders including the Ministry of Health, manufacturers, professional associations, and donor agencies thereby reinforcing collaboration and resource sharing to meet the growing public health needs of the country.

Despite these achievements, the year was not without challenges. Human resource capacity remained constrained, limiting the Board's ability to conduct routine inspections and audits of both local and foreign manufacturers. Financial limitations also persisted, with regulatory demands and service expectations expanding at a faster pace than available resources. Furthermore, the evolving pharmaceutical environment driven by emerging diseases, innovative technologies, and global health emergencies required PPB to continuously adapt its regulatory approaches, often under considerable pressure.

Looking ahead, PPB is firmly focused on scaling up its regulatory capacity and operational efficiency. A key strategic goal is achieving WHO Maturity Level 3 (ML.3), which will position the Board as a strong and trusted regulatory authority within the region. To this end, PPB is committed to leveraging digital technologies, automation, and data analytics to enhance regulatory decision-making, improve transparency, and align with the Government's broader digitization agenda. Additionally, the Board plans to expand its workforce, intensify stakeholder engagement, and pursue innovative resource mobilization strategies to ensure financial sustainability and increased revenue generation.

In conclusion, while the past financial year presented both challenges and opportunities, it has been a period of resilience, innovation, and institutional growth for the Pharmacy and Poisons Board. I wish to acknowledge the dedication of our staff, the support of our partners, and the trust of the public in our work. The Board remains steadfast in its mandate to protect public health by ensuring that all health products and technologies available in Kenya meet the highest standards of quality, safety, and efficacy.

.....


Dr. John Munyu.
CHAIRMAN, PHARMACY AND POISONS BOARD

6. Statement by the Chief Executive Officer

The financial year 2024/2025 was a defining period for the Pharmacy and Poisons Board (PPB), as the institution continued to strengthen its role in regulating health products and technologies (HPTs) in the post-COVID-19 era. The year was marked by improved revenues, reflecting recovery from the disruptions of the pandemic, but also by operational challenges arising from delayed budget approvals, late disbursements, and overall financial constraints.

Financial Performance and Revenue Growth

Revenues during the year recorded a notable improvement compared to the immediate post-COVID years. This growth was driven by increased compliance from stakeholders, wider adoption of the e-Citizen platform for payments, and efficiency gains from digitization of regulatory processes. The expansion of services and rising demand for quality-assured HPTs also contributed positively to revenue performance.

However, the introduction of the e-Citizen platform also presented initial challenges. Poor system integration and client navigation difficulties resulted in temporary reductions in collections before improvements were realized. In addition, delayed budget approval and remittances from The National Treasury disrupted timely implementation of planned activities. As a result, several critical interventions such as foreign inspections, post-market surveillance expansion and some capacity-building programs were rescheduled or scaled down.

Despite these hurdles, the Board maintained a strong financial position and consistently met its statutory and financial obligations. Prudent financial management, coupled with cost savings in goods, services, and Board operations, helped cushion the impact of delayed budgetary support. The Board also continued to apply its Enterprise Risk Management Framework, enabling proactive identification and mitigation of emerging risks.

Operational Achievements

In spite of the financial and operational constraints, PPB achieved important milestones, including:

- **Strengthening regulatory frameworks** by reviewing and aligning guidelines with international best practices.
- **Enhancing pharmacovigilance systems** to improve early detection and response to safety concerns.
- **Licensing and inspection** of pharmaceutical premises and qualified professionals, while addressing unqualified practices.

- **Promoting environmental stewardship** through safe pharmaceutical waste disposal.
- **Fostering collaboration** with international regulatory bodies, local institutions, and stakeholders to expand technical expertise and share knowledge.

Challenges

The full realization of the annual work plan was limited by several factors:

- **Delayed budget approvals and disbursements**, which disrupted program execution across all four quarters.
- **Financial constraints**, with increased service demand outpacing available resources.
- **Human resource gaps**, constraining inspection capacity and responsiveness to regulatory needs.
- **Rapidly evolving pharmaceutical dynamics**, including emerging technologies, diseases and global health threats, which required constant regulatory adaptation.

Strategic Outlook

Looking forward, PPB is committed to consolidating revenue growth while addressing operational and financial constraints. The strategic priorities for the coming year include:

- Advocating for **timely and adequate budget allocations** to ensure uninterrupted implementation of regulatory programs.
- Expanding **resource mobilization initiatives** to diversify income streams and reduce reliance on exchequer funding.
- Leveraging **digital technologies and data analytics** to improve revenue collection, transparency and service delivery.
- Building **workforce capacity** to sustain regulatory effectiveness in a complex and fast-changing environment.

Conclusion: The year under review posed unique challenges, but it also demonstrated the Board's resilience and adaptability. Despite delays in funding and operational constraints, PPB sustained its regulatory mandate, safeguarded public health and improved revenues. These achievements would not have been possible without the dedication of our staff, the guidance of the Board, and the support of our partners and stakeholders.

As we look ahead, PPB remains steadfast in its mission to protect public health by ensuring that all health products and technologies in Kenya meet the highest standards of quality, safety and efficacy. With the lessons learned and systems strengthened, we are confident of navigating future challenges and delivering even greater value to the public we serve.



.....
Dr. Ahmed Mohamed
AG. CHIEF EXECUTIVE OFFICER

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that; at the end of each financial year, the accounting officer, should include a statement of performance against predetermined objectives.

The key strategic objectives as per the PPB Strategic Plan for FY 2020-2025 are to:

- a) Ensure access to safe, quality, efficacious and affordable health products and technologies
- b) Leverage on research, innovation and technologies in the delivery of products and services
- c) Promote organisational stewardship, partnership and accountability
- d) Promote a pharmacy practice that provides the highest attainable standards of healthcare

For purposes of implementing and cascading the objectives to specific sectors, all the objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives.

Programmes	Delivery Unit	Key Output	Key Performance Indicators (KPIs)	Planned Targets	Achieved Targets	Remarks
Regulation of Pharmaceutical Premises & Professionals	Licensing & Compliance Department	Licensed premises and registered professionals	% of premises and personnel licensed	100%	85%	Target not fully achieved due to delays in system integration on e-Citizen and budget constraints affecting inspections.
Post-Market Surveillance (PMS)	Inspection & Surveillance Department	Product samples collected and tested	Number of samples analyzed for quality & safety	1,200 samples	750 samples	Activity scaled down due to limited funds for laboratory testing and sample collection.
Pharmacovigilance	Safety & Vigilance	Adverse Drug Reactions	% increase in ADR reports	20% increase	12% increase	Awareness campaigns

	Unit	(ADR) monitored	submitted			postponed due to funding gaps; fewer community outreaches conducted.
Foreign GMP Inspections	Regulatory Operations & Inspections	GMP-certified manufacturers	Number of foreign GMP inspections conducted	25	10	Reduced due to travel and operational cost constraints from delayed budget disbursement.
Environmental Health & Waste Disposal	Environmental Compliance Unit	Safe disposal of pharmaceutical waste	Number of disposal campaigns/facilities supported	10	5	Only half of planned campaigns conducted due to budget limitations.
Capacity Building & Training	HR & Development Unit	Skilled regulatory staff	Number of officers trained/attending international workshops	200 officers	10 officers	Training scaled down due to financial constraints; reliance on online courses increased.
Digital Transformation	ICT Department	E-licensing and regulatory automation	% of services digitized and integrated	90%	65%	Full automation delayed due to procurement and integration challenges.
Stakeholder Engagement & Collaboration	Partnerships & Stakeholder Relations	Joint programmes with partners	Number of stakeholder forums/workshops held	12	7	Fewer forums held due to limited facilitation funds; focus shifted to virtual meetings.

8. Corporate Governance Statement

1. Governance and Leadership Structure

The Pharmacy and Poisons Board (PPB) upholds the highest standards of corporate governance to ensure transparency, accountability, and integrity in the regulation of health products and technologies. The governance framework of the PPB is anchored in the Constitution of Kenya, the Public Finance Management Act, and the *Mwongozo Code of Governance for State Corporations*. The structure comprises the Board of Directors, the Chief Executive Officer (CEO), and four Directorates responsible for implementing the Board's strategic direction and regulatory mandate.

As at 30th June 2025, the Board of Directors provided strategic oversight and policy direction to the organization. The term of the previous Board ended in March 2025, leaving only the Chairman in office pending appointment of new members. Day-to-day management was undertaken by the Acting Chief Executive Officer, supported by Directors, Deputy Directors, and Heads of Independent Units. During the year, the Board held six full meetings in line with the approved Board almanac, achieving an overall attendance rate of 99%, reflecting high commitment to its oversight role.

The Board operates under a formal Charter that defines its roles, responsibilities, and governance framework. The Charter is reviewed periodically to ensure alignment with evolving best practices. The appointment and removal of directors are governed by the Pharmacy and Poisons Act (Cap. 244), the State Corporations Act, and the PPB Board Charter. Appointments are based on merit, expertise, and diversity to ensure an effective and balanced composition.

PPB is committed to continuous capacity development for its Board members. Newly appointed members undergo structured induction programs that familiarize them with the organization's operations and regulatory framework, while ongoing training ensures they remain abreast of emerging governance and regulatory trends. The performance of the Board, its committees, and individual members is evaluated annually under the coordination of the State Corporations Advisory Committee (SCAC), and the results are used to inform governance and performance improvement initiatives.

The Board maintains a clear Conflict of Interest Policy requiring members to disclose any personal or financial interests that may compromise their objectivity. A register of interests is maintained by the CEO, and members with conflicts are required to recuse themselves from relevant deliberations. Board members are remunerated in accordance with government guidelines and circulars issued by the Salaries and Remuneration Commission and SCAC.

Ethical conduct remains central to PPB's governance philosophy. All members adhere to the PPB Code of Conduct, aligned with the *Public Officer Ethics Act*, which emphasizes integrity, professionalism, and accountability. The Code includes provisions for whistle blowing and reporting of suspected fraud, corruption, or misuse of resources, thereby reinforcing transparency and institutional integrity across all levels of governance.

2. Audit and Management Committees

(a) Audit and Risk Committee

The Audit and Risk Committee is established in accordance with the Public Finance Management (PFM) Act, 2012, and Treasury Circular No. 16/2015. It provides independent oversight on financial reporting, internal controls, risk management, and compliance.

During FY 2024/2025, the Committee met two times in Quarter 1 and 2 to review:

- Internal audit reports and management action plans;
- The quarterly financial statements prepared under IPSAS accrual basis;
- Implementation of recommendations from external auditors and oversight bodies;
- Risk management processes across directorates.

The Committee worked closely with the Internal Audit and Risk Assurance Department to ensure continuous improvement in governance and internal control systems.

3. Risk Management and Internal Control Framework

PPB applies an Enterprise Risk Management (ERM) Framework, which outlines mechanisms for identifying, assessing, mitigating, and monitoring risks across all regulatory and administrative functions. Key risks monitored during FY 2024/2025 included:

- Financial and funding constraints due to delayed exchequer releases;
- Cybersecurity and data protection risks related to digital transformation;
- Regulatory risks arising from emerging health technologies;
- Operational risks linked to human resource capacity gaps.

Mitigation measures included strengthening internal controls, enhancing automation and data backup systems, and continuous staff training on compliance and information security.

4. Governance Training and Capacity Development

During the financial year, PPB prioritized continuous professional development for senior management and technical staff to enhance leadership and governance competencies. Key training areas included:

- Public Sector Governance and Leadership ;
- Enterprise Risk Management and Internal Controls;
- Public Finance Management and IPSAS Compliance;
- Regulatory Systems Strengthening, supported by WHO and international partners.

These initiatives aimed to enhance accountability, promote ethical leadership, and strengthen institutional resilience.

5. Public Participation and Stakeholder Engagement

PPB maintained a participatory regulatory approach through structured stakeholder consultations, including:

- Engagement forums with pharmaceutical professionals and county health officials;
- Public notices and consultations on draft regulatory guidelines;
- Collaboration with the National Police Service, ODPP, Judiciary, and County Governments under the multi-agency framework against illicit health products;
- Customer feedback mechanisms through the PPB website and customer care channels.

Public participation ensured inclusivity and transparency in regulatory decisions, fostering public trust in the Board's operations.

6. Compliance with Laws and Regulations

PPB continued to uphold strict compliance with applicable laws and regulations, including:

- a) The Pharmacy and Poisons Act, Cap 244;
- b) The Public Finance Management Act, 2012 and its Regulations (2015);
- c) The Mwongozo Code of Governance for State Corporations;
- d) The Public Procurement and Asset Disposal Act, 2015;
- e) The Data Protection Act, 2019; and
- f) The Leadership and Integrity Act, 2012.

The Board also adhered to financial reporting standards under International Public Sector Accounting Standards (IPSAS) Accrual Basis, ensuring accuracy, accountability, and transparency in public financial management.

9. Management Discussion and Analysis

Introduction

Over the past five years, the Pharmacy and Poisons Board (PPB) has continued to strengthen its regulatory oversight of health products and technologies (HPTs) in Kenya, focusing on efficiency, transparency, and alignment with international best practices. The Board's performance has been anchored on implementation of key regulatory reforms, digital transformation, and enhanced stakeholder engagement to ensure public access to safe, effective, and quality-assured medical products.

During the FY 2024/2025, PPB achieved notable milestones including improved revenue performance driven by enhanced compliance, wider adoption of the e-Citizen platform, and automation of core regulatory processes. Operationally, PPB expanded its post-market surveillance, strengthened pharmacovigilance systems, and sustained inspection and licensing activities across pharmaceutical premises and professionals. Despite budgetary and staffing constraints, the Board maintained effective service delivery and upheld its statutory mandate.

Key Programs and Projects Implemented

During the year under review, PPB implemented several key programs aligned with its strategic objectives:

Program	Key Achievements (FY 2024/2025)
Digitization of Regulatory Processes	Expanded online licensing and application systems through the e-Citizen platform, improving efficiency, compliance, and transparency in revenue collection.
Post-Market Surveillance (PMS)	Strengthened laboratory-based surveillance for medicines, vaccines, and medical devices to ensure continued safety and quality.
Pharmacovigilance (PV) and Safety Monitoring	Enhanced adverse drug reaction reporting systems, resulting in better tracking of medicine safety and risk communication.
Licensing and Inspection	Licensing and Inspection
Capacity Building and International Collaboration	Partnered with WHO, USP, and other regulatory authorities for staff training, exposure visits, and technical knowledge exchange.
Environmental Stewardship	Promoted proper disposal of pharmaceutical waste and adoption of green regulatory practices.

Compliance with Statutory Requirements

PPB remained fully compliant with key statutory and regulatory frameworks including:

- Pharmacy and Poisons Act (Cap. 244 Laws of Kenya).
- Public Finance Management Act (2012) and related regulations.

- Mwongozo Code of Governance for State Corporations.
- Public Procurement and Asset Disposal Act (2015).

Quarterly financial and performance reports were prepared and submitted in line with **IPSAS accrual basis** standards, and all statutory deductions and obligations were remitted on time.

Major Risks and Mitigation Strategies

PPB continues to operate in a dynamic regulatory and economic environment characterized by various risks. The main risks and mitigation measures are summarized below:

Risk Category	Description	Mitigation Measures
Financial Risks	Challenges experienced in the integration and functionality of the eCitizen payment platform led to delays in revenue reconciliation, reduced visibility of real-time collections, and cash flow disruptions.	PPB engaged the National Treasury and the eCitizen team to resolve integration issues, enhanced internal monitoring controls, and introduced manual verification checks to ensure accurate revenue reconciliation.
Human Resource Risks	Inadequate staffing across technical and support functions, affecting timely execution of regulatory activities.	Implementation of the approved staff establishment plan and targeted recruitment of critical staff.
Technological Risks	System downtimes and limited interoperability between legacy PPB systems and the eCitizen platform.	Upgrading of ICT infrastructure, automation of internal systems, and strengthening of cybersecurity protocols.
Regulatory Risks	Emergence of new medical technologies and cross-border pharmaceutical trade posing oversight challenges.	Adoption of risk-based regulatory approaches and enhanced collaboration with WHO and regional NRAs.

Material Arrears in Statutory/Financial Obligations

As of 30th June 2025, the Pharmacy and Poisons Board had no material arrears in statutory or financial obligations. All obligations relating to PAYE, NSSF, NHIF, and supplier payments were up to date. The Board continues to maintain sound cash flow management practices and adheres to National Treasury guidelines.

Review of the Economy and Sector

The pharmaceutical sector remained resilient in FY 2024/2025, supported by government health initiatives and a growing demand for essential medicines and vaccines. However, macroeconomic challenges such as exchange rate

fluctuations, rising import costs, and global supply chain disruptions impacted both manufacturers and importers.

In this environment, PPB continued to play a central role in ensuring quality assurance and public health protection through risk-based regulatory oversight and facilitation of local manufacturing initiatives under the “Buy Kenya, Build Kenya” agenda.

Future Developments

PPB’s strategic focus will be guided by the goal of attaining WHO Maturity Level 3 (ML3) status, marking its recognition as a trusted regulatory authority within the region. Key priorities include:

- Full automation of regulatory functions through digital transformation.
- Expansion of regional regulatory offices to enhance accessibility.
- Strengthening laboratory services and pursuit of WHO prequalification.
- Enhanced resource mobilization and diversification of income streams.
- Building institutional capacity for innovation and risk-based regulation.

Through these initiatives, the PPB will continue to align its operations with national and global health priorities while safeguarding the health and well-being of all Kenyans.

10. Environmental and Sustainability Reporting

a) Sustainability Strategy and Profile

The Pharmacy and Poisons Board (PPB) is committed to embedding sustainability in all aspects of its operations in line with Kenya’s Vision 2030, the Sustainable Development Goals (SDGs), and the government’s Green Economy Strategy and Implementation Plan. The Board recognizes that regulatory decisions in health products and technologies have a direct impact on public health, the environment, and the economy.

PPB’s sustainability efforts focus on responsible resource utilization, environmental stewardship, and promoting public health through effective regulation of pharmaceuticals and poisons. The institution has adopted sustainable practices such as energy conservation, digital transformation to minimize paper use, and the adoption of environmentally friendly waste management practices.

b) Environmental performance /climate change/ mitigation of natural disasters

PPB operates under an environmental policy that emphasizes compliance with the Environmental Management and Coordination Act (EMCA) and related environmental standards. The policy guides the institution’s approach to

managing waste, conserving energy, and ensuring a clean and safe working environment.

Key efforts during FY 2024/2025 included:

- Implementation of waste segregation at the headquarters and regional offices.
- Safe disposal of laboratory and pharmaceutical waste in compliance with NEMA regulations.
- Promotion of energy efficiency through use of LED lighting and digital document workflows.
- Participation in national climate change awareness campaigns in partnership with the Ministry of Health and NEMA.

c) Employee Welfare

PPB recognizes that a motivated and empowered workforce is critical to achieving its mandate. Recruitment and promotion are guided by the Human Resource Policies and Procedures Manual, which emphasizes merit, gender balance, inclusivity, and equal opportunity. The current staff composition reflects progress toward gender parity in leadership and technical positions.

Continuous capacity building is promoted through targeted training programs, workshops, and professional development opportunities. Staff performance is evaluated through an annual appraisal system that links individual output to institutional objectives.

The Board also complies with the Occupational Safety and Health Act (OSHA, 2007). A medical insurance cover, staff welfare committee, and psychosocial support programs are in place to enhance employee wellbeing.

d) Operational Practices

PPB maintains responsible and transparent supply chain practices guided by the Public Procurement and Asset Disposal Act, 2015. Suppliers are treated fairly, and contracts are awarded competitively. The institution has strengthened supplier relations by ensuring timely payments and transparent tendering processes.

Efforts are also made to promote sustainability among suppliers by encouraging environmentally responsible practices, especially in the procurement of office supplies and waste disposal services.

e) Community Engagements

The PPB remains committed to contributing positively to the communities it serves. During the year under review, the institution supported several community and public health initiatives including:

- Joint public sensitization campaigns with county governments and law enforcement agencies on the dangers of substandard and falsified medicines.
- Participation in national health days such as World Pharmacists Day and World Antimicrobial Awareness Week.
- Donations of pharmaceutical reference materials and educational support to training institutions.
- Engagement in community tree-planting exercises to support the government's 15-billion tree initiative.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Pharmacy and Poisons Board affairs.

i) Principal activities

The principal activity of the PPB is to regulate health products, health technologies and the profession of pharmacy.

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on page 1-2.

iii) Directors

The members of the Board of Directors who served during the year are shown on page vii.


iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

v) Auditors

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

By Order of the Board


.....

Name

DR. BRAMWELE TONGOLA

Corporation Secretary/Secretary to the Board

12. Statement of Directors Responsibilities

The CEO is responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the PPB as at the end of the financial year ended June 30, 2025.

This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these remain effective throughout the reporting period;
- ii. Maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board;
- iii. Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements to ensure they are free from material misstatement, whether due to fraud or error;
- iv. Safeguarding the assets of the Board;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable and prudent in the circumstances.

The CEO accepts responsibility for the financial statements, which have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) as prescribed by the PSASB. The CEO is of the opinion that the financial statements give a true and fair view of the Board's financial transactions during the financial year ended 30th June 2025, and of the Board's financial position as at that date.

The CEO further confirms the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of these financial statements, as well as the adequacy of the internal control systems.

The CEO also confirms that the Board has complied fully with applicable Government regulations and financial management requirements, and that all funds received during the year were applied for the intended purposes and properly accounted for. The financial statements have been prepared in a form that complies with the accounting standards and financial reporting framework prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Board's financial statements were approved by the Board on 29th August 2025 and signed on its behalf by:



.....
Dr. Ahmed Mohamed
Ag. Chief Executive Officer

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 PHARMACY AND POISONS BOARD 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 Pharmacy and Poisons Board set out on pages 1 to 45, which comprise of the statement of financial position and as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting

policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Pharmacy and Poisons Board 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) the Pharmacy and Poisons Act, Cap 244 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in Personnel Emoluments

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects personnel emoluments amount of Kshs.163,279,780 while the supporting schedules reflects Kshs.125,348,498 resulting to unexplained variance of Kshs.37,931,282. Further, review of bank statements and cashbooks revealed gratuity payments of Kshs.7,687,104 that were not paid through the payroll, the respective payment vouchers were not provided for audit and the expenditure was not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of personnel emoluments amount of Kshs.163,279,780 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Pharmacy and Poisons Board 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

1. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 19 to the financial statements reflects trade and other payables balance of Ksh.5,535,650. The balance includes Kshs.4,375,650 which has been outstanding for more than three (3) years. This was contrary to section 53 (8) of the Public Procurement and Disposal Act, 2015 which requires an accounting officer not to commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates and are available.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

2. Long Outstanding Trade and Other Receivables

The statement of financial position and as disclosed in Note 17 to the financial statements reflects trade and other receivables balance of Kshs.67,722,487. However, an amount of Kshs.35,222,333 has remained outstanding for more than three (3) years and there was no evidence that Management had instituted recovery measures.

In the circumstances, the recoverability and the effectiveness of internal controls on recovering long outstanding receivables could not be confirmed.

My opinion is not modified in respect of these matters

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 effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of board in 2024/2025 revealed that several matters remained unresolved as detailed in **Appendix 1**.

Other Information

The Management is responsible for the Other Information set out on pages iii to xxiii which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's statements, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Board'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. Except for the effect of unachieved performance targets, I have nothing else to report in this regard.

Unachieved Performance Targets

Review of the Board's eight (8) key results areas included in the workplan revealed the following unachieved targets:

Programmes	Planned Targets	Achieved Targets	Unachieved Targets
Regulation of Pharmaceutical Premises & Professionals	100%	85%	15%
Post-Market Surveillance (PMS)	1,200 samples	750 samples	450 samples
Pharmacovigilance	20% increase	12% increase	8% increase
Foreign GMP Inspections	25	10	15%
Environmental Health & Waste Disposal	10	5	5%
Capacity Building & Training	200 officers	10 officers	190 Officers
Digital Transformation	90%	65%	25%
Stakeholder Engagement & Collaboration	12	7	5%

Failure to achieve key performance targets may result to the Board not achieving its mandate.

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. Unbalanced Budget

The statement of comparison of budget and actual amounts reflects total revenue budget and total expenditure budget on a comparable basis of Kshs.2,059,000,000 and Kshs.1,651,800,000 respectively resulting to an unbalanced budget of Kshs.407,200,000. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget should be balanced.

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

2. Staff Earning Less Than One Third of Basic Salary

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects personnel emoluments of Kshs.163,279,780. The amount includes basic pay of Kshs.2,828,177 paid to ten (10) employees who earned less than one

third of their basic salary. This was contrary to Section 19(3) of Employment Act 2007 which stipulates that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

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

3. Non-Compliance with the Climate Regulations

The National Climate Change Action Plan (NCCAP) III 2023-2024 and the Climate Change Act, 2016 on delivery action plan required that the national public entities to work through their climate change units to integrate NCCAP 2023–2027 into strategies and implementation plans, and to report to the Council on an annual basis on performance and implementation. However, there was no evidence to indicate that Management reports annually to the Council on the status and progress of performance and implementation on climate change.

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

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. Non-Compliance with Internal Audit Recommendations

During the year under review, there was no evidence to confirm that the accounting officer developed a response and action plan on audit committee recommendations and submitted them to the chairperson of the audit committee within fourteen days. This was contrary to section 172(1&2) of the Public Finance Management (National Government) Regulations, 2015 which states that the accounting officer of the concerned entity shall be responsible for the implementation of the recommendations made in the audit reports and shall develop response and action plan which he or she shall submit to the Chairperson of the audit committee within fourteen days.

In the circumstances, the effectiveness of internal controls on implementation of internal audit recommendations could not be confirmed.

2. Understaffing

During the year under audit, the Board had an approved staff establishment of three hundred and fifty-two (352). However, only one hundred and eighty-eight (188) were in post resulting to an understaffing of one hundred and sixty-four (164) positions.

In the circumstances, the effectiveness of the Board with the existing staff deficits could not be confirmed.

3. Failure to Conduct Board Evaluation, Review and Governance Audit

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects board expenses amount of Kshs.16,169,689. However, there was no evidence of conducting Board evaluation and review by an independent oversight body or carrying out the mandatory governance audit on the Board's performance and practices.

In the circumstances, this may weaken governance practices and effective oversight, which could negatively impact the strategic direction and performance of the Board.

4. Failure to Appoint Substantive Chief Executive Officer

Review of available information indicated that the current Chief Executive Officer was serving in an acting capacity. However, there was no evidence to confirm that the appointment in an acting capacity was made by the Board in consultation with the Cabinet Secretary of the Ministry of Health. This was contrary to Paragraph 1.18 of the Code of Governance for State Corporations (Mwongozo), which states that there shall be a Chief Executive Officer of the Board who shall be appointed by the Board on such terms and conditions of service as the Minister may approve.

In the circumstances, having the Chief Executive Officer in an acting capacity weakens governance, accountability, and operational efficiency and may lead to leadership instability.

5. Failure to Maintain a Fuel Register

Note 13 to the financial statements reflects motor vehicle expenses of Kshs.31,256,102 out of which Kshs.18,301,706 was incurred on purchase of fuel. However, Management did not maintain a fuel register to control the issuance of fuel.

In the circumstances, the effectiveness of internal controls on fuel management could not be confirmed.

6. Weak Information Technology (IT) Control Environment

An analysis of the documents provided for audit and through examination of the Information Technology (IT) systems and structures, it was noted that there was no approved IT Strategic committee, risk management policy and a recovery plan. Further, it was noted that there were no formal and documented emergency

procedures and IT continuity plans and Management has not implemented ICT asset management policies.

In the circumstances, the effectiveness of internal controls on the management of ICT equipment could not be confirmed.

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

Responsibilities of the Management and Board of Directors

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 Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Directors is responsible for overseeing the Board'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

24 November, 2025

Appendix 1: Unresolved Prior Year Audit Findings

No.	Financial Year	Audit Issue
1	2023/2024	Long Outstanding Trade and Other Receivables
2		Lack of Land Ownership Documents
3		Budgetary Control and Performance
4		Long Outstanding Trade and Other Payables
5		Missed Performance Targets
6		Non-Compliance with the Climate Regulations
7		Irregularities in Composition of the Board
8		Staff Earning Less Than a Third Basic Salary
9		Understaffing of the Board
10		Poor Information Technology (IT) and Internal Control Environment
11	2022/2023	Long Outstanding Trade and Other Receivables
12		Unsupported Trade and Other Payables
13		Inaccuracies in Property, Plant and Equipment
14		Budgetary Control and Performance
15		Irregular Maintenance of Vehicles
16		Unbalanced Budget
17		Ineffective Internal Audit Department
18		Understaffing of the Board
19	2021/2022	Unsupported Motor Vehicle Maintenance Costs
20		Long Outstanding Trade and Other Receivables
21		Inaccuracies in Property, Plant and Equipment
22		Budgetary Control and Performance
23		Non-remittance of statutory deductions
24		Failure to provide Audit Committee Minutes
25		Board Operations with No Board of Directors
26		Weak Internal Audit Function

14. Statement of Financial Performance for the year ended June 30, 2025

		2024-2025	2023-2024
Rendering of Services	Note	Kshs	Kshs
Rendering of services	6	1,719,462,625	1,328,189,424
Other incomes	7	170,629,222	90,155,569
Total Revenue		1,890,091,847	1,418,344,993
Expenses			
Personnel Emoluments	8	163,279,780	104,734,257
Board Member Expenses	9	16,169,689	16,163,233
Insurance and Medical	10	54,430,501	47,634,140
Contracted Services	11	186,567,300	136,322,658
Use of Goods and Services	12	367,327,540	257,529,351
Administrative Expenses	13	639,537,481	679,225,146
Repairs and Maintenance	14	89,164,264	71,686,963
Depreciation	15	134,305,292	142,637,769
Total expenses		1,650,781,846	1,455,933,517
Surplus/(Deficit) for the year		239,310,001	(37,588,524)

The notes set out on page 8 to 47 form an integral part of these Financial Statements. The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



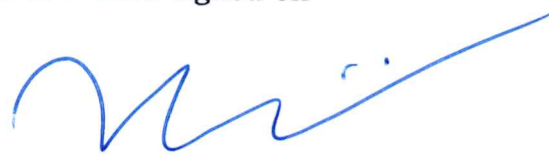
Dr. Ahmed Mohamed
Ag Chief Executive Officer

Date...24-11-2025.....



Mr. Peter Sigei
Head of Finance
ICPAK M/No: 29517

Date...24-11-2025.....



Dr. John Munyu
Board Chairperson

Date...24/11/2025.....

15. Statement of Financial Position as at June 30, 2025

		FY 2024-2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets	Note		
Current assets			
Cash and cash equivalent	16	560,151,920	193,794,386
Trade and Other Receivables	17	67,722,487	65,331,985
Total Current Assets		627,874,407	259,126,371
Non-current Assets			
Property, plant and equipment	18	1,100,129,147	1,168,041,063
Total Non-current Assets		1,100,129,147	1,168,041,063
Total Assets		1,728,003,554	1,427,167,434
Liabilities			
Current Liabilities			
Trade and other payables	19	5,535,650	6,969,149
Deferred Income	20	62,959,618	-
Total Current Liabilities		68,495,268	6,969,149
Total Liabilities		68,495,268	6,969,149
Net Assets		1,659,508,286	1,420,198,285
Reserves	21	6,479,649	6,479,649
Accumulated Reserves	22	1,653,028,637	1,413,718,636
Total Net Assets and Liabilities		1,659,508,286	1,420,198,285

The financial statements set out on page 1 to 7 were signed on behalf of the Board of Directors by:



.....
Dr. Ahmed Mohamed
Ag Chief Executive Officer



.....
Mr. Peter Sigei
Head of Finance
ICPAK M/No: 29517



.....
Dr. John Munyu
Board Chairperson

Date. 24/11/2025.....

Date. 24/11/2025.....

Date. 24/11/2025.....

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

	Reserves	Accumulated Surplus	Capital Fund	Total
As at July 1, 2023	6,479,649	1,451,307,160	-	1,457,786,809
Revaluation gain	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-
Deficit for the period	-	(37,588,524)	-	(37,588,524)
Capital/Development grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-
As at June 30, 2024	6,479,649	1,413,718,636	-	1,420,198,285
As at July 1, 2024	6,479,649	1,413,718,636	-	1,420,198,285
Revaluation gain	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-
Surplus for the period	-	239,310,001	-	239,310,001
Capital/Development grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-
As at June 30, 2025	6,479,649	1,653,028,637	-	1,659,508,286

17. Statement of Cash Flows for the year ended June 30, 2025

	Notes	2024-2025 Kshs	2023-2024 Kshs
Cash flows from operating activities			
Receipts			
Rendering of Services	6	1,719,462,625	1,328,189,424
Other incomes	7	170,629,222	90,155,569
Total receipts		1,890,091,847	1,418,344,993
Payments			
Personnel Emoluments	8	163,279,780	104,734,257
Board Member Expenses	9	16,169,689	16,163,233
Insurance and Medical	10	54,430,501	47,634,140
Contracted Services	11	186,567,300	136,322,658
Use of Goods and Services	12	367,327,540	257,529,351
Administrative Expenses	13	639,537,480	679,225,146
Repairs and Maintenance	14	89,164,264	71,686,963
Depreciation	15	134,305,292	142,637,769
Total payments		1,650,781,846	1,455,933,517
Net cash flows from/(used in) operating activities	23	432,750,910	102,695,343
Cash flows from investing activities			
Purchase of PPE and Intangible assets	13	(66,393,376)	(88,580,322)
Proceeds from sale of PPE		-	-
Purchase of investments		-	-
Sale of investments		-	-
Net cash flows from/(used in) investing activities		(66,393,376)	(88,580,322)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash & Cash equivalents			
Cash and cash equivalents at 1 July	16	193,794,386	179,679,365
Cash and cash equivalents at 30 June	16	560,151,920	193,794,386

18. Statement of Comparison of Budget and Actual Amounts as at June 30, 2025

Receipt/Expense Items	Original Budget	Adjustments	Final Budget	Actual Comparable Basis	Budget Utilization Difference	% of Utilization
	(a)	(b)	(c)	(d)	(e)	f=d/c%
Rendering of services	2,059,000,000	1,891,000,000	1,891,000,000	1,785,724,683	105,275,317	94.43%
Grants from Development Partners	-	168,000,000	168,000,000	104,367,164	63,632,836	62.12%
Total income	2,059,000,000	2,059,000,000	2,059,000,000	1,890,091,847	168,908,153	91.80%
Expenditure						
Personnel Emoluments	312,000,000	163,300,000	163,300,000	163,279,780	20,220	99.99%
Board Member Expenses	14,960,000	16,200,000	16,200,000	16,169,689	30,311	99.81%
Insurance and Medical	73,000,000	54,500,000	54,500,000	54,430,501	69,499	99.87%
Contracted Services	113,000,000	186,600,000	186,600,000	186,567,300	32,700	99.98%
Use of Goods and Services	193,000,000	367,500,000	367,500,000	367,327,540	172,460	99.95%
Administrative Expenses	206,300,000	640,000,000	640,000,000	639,537,480	462,520	99.93%
Repairs and Maintenance	8,000,000	89,200,000	89,200,000	89,164,264	35,736	99.96%
Depreciation	150,000,000	134,500,000	134,500,000	134,305,292	194,708	99.86%
Total Expenditure	1,070,260,000	1,651,800,000	1,651,800,000	1,650,781,846	1,018,154	99.94%
Surplus for the year	988,740,000	407,200,000	407,200,000	239,310,001	167,889,999	58.77%

Notes to variance analysis

- a) The decline in revenue was mainly due to the introduction of the e-Citizen payment gateway, which initially disrupted collections as clients adjusted to the new system. Over time, however, increased familiarity and improved system reliability have enhanced compliance, leading to a notable recovery and improvement in revenue.
- b) Slight savings were realized under personnel emoluments during the financial year. This was primarily due to delays in the approval and implementation of the new salary structure by the Salaries and Remuneration Commission (SRC). As a result, the revised remuneration levels were not effected within the planned period, leading to lower-than-projected expenditure on staff salaries and benefits
- c) Board member costs were partially reduced due to fewer board activities in the first quarter, following delayed budget approval by the National Treasury. The terms of all Board members, except the Chairperson, ended in March 2025 and the appointment of new members is still pending.
- d) Slight savings were recorded under insurance and medical expenses during the year. This variance arose mainly from initial inaccuracies in budget projections, where the estimated costs were slightly higher than the actual expenditure incurred. However, the expenditure remained within the approved budget limits, ensuring compliance with financial management requirements and avoiding any overspending.
- e) The slight savings under contracted services resulted from delays in the approval of the budget. Consequently, some planned activities and engagements with service providers were postponed. However, despite this delay, the expenditures remained within the authorized budgetary allocations, ensuring that the financial limits were fully observed.
- f) The slight savings under the use of goods and services arose from the organization's deliberate efforts to exercise prudent financial management. By carefully monitoring expenditures and implementing cost-control measures, the organization was able to minimize unnecessary spending while ensuring that essential operations were not disrupted. This approach enabled the organization to remain within the approved budgetary limits, thereby achieving efficiency in the utilization of resources.
- g) The slight savings in administrative expenses were due to delays in budget approval, which postponed some planned activities, and prudent financial management that ensured spending remained within the approved allocations.
- h) The slight savings in repairs and maintenance resulted from the organization's prudent spending, which ensured adherence to the approved budget while maintaining the quality of work undertaken.

1) The small savings under depreciation resulted from the limited purchase of property, plant and equipment (PPE) during the period.

Overall, actual expenses were well within the budgeted amounts across nearly all expense categories. This favorable outcome was partly due to minimal collections during the year. However, it is worth noting that collections for the period were significantly higher compared to the previous year, reflecting a notable improvement in revenue performance. All collections are mandated by government policy to be processed through the e-Citizen platform. While this system enhances transparency, it is often associated with delays in remitting funds to the organization, which in turn hampers operations and creates financial uncertainties.

19. Notes to the Financial Statements

1. Establishment

The Pharmacy and Poisons Board (PPB) is established under the Pharmacy and Poisons Act, Cap 244 Laws of Kenya. The Board derives its authority and accountability from the Act and operates under the Ministry of Health. mandated to regulate the practice of pharmacy and the trade in pharmaceutical products and poisons. The Board's principal functions include ensuring the quality, safety, and efficacy of medical products and health technologies; regulating the practice of pharmacy; licensing pharmaceutical premises and professionals; and enforcing compliance with applicable laws and standards.

2. Statement of Compliance and Basis of Reporting

Statement of Compliance

These financial statements have been prepared in accordance with the Public Finance Management Act, 2012, and the International Public Sector Accounting Standards (IPSAS) as issued by the Public Sector Accounting Standards Board (PSASB) of Kenya.

The Pharmacy and Poisons Board is classified as a Schedule 1 National Government Agency in line with Section 4 of the Public Finance Management Act, 2012, read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 entities include Ministries, Departments, and Agencies whose primary objective is the formulation and implementation of government policy and coordination of public services.

The use of public resources by the Board is governed by Chapter 12 of the Constitution of Kenya, the Public Finance Management Act, 2012, the Public Procurement and Asset Disposal Act, 2015, and other applicable government circulars and guidelines.

These financial statements were authorized for issue by the Ag. CEO on 29th August 2025.

Reporting Period

The reporting period for these financial statements is for the **year ended June 30, 2025**.

Basis of Preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis of accounting, unless otherwise specified (for example, in the Statement of Cash Flows).

Under the accrual basis, revenues are recognized when the rights to assets are earned or levied, rather than when cash is received, and expenses are recognized when obligations are incurred rather than when they are settled.

The financial statements have been prepared and presented in Kenya Shillings (KES), rounded to the nearest shilling. The accounting policies adopted have been applied consistently to all periods presented.

Critical Accounting Judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of PPB for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The PPB pursues a number of policy targets and outcomes. However the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the Board is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the Board's policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the PPBs future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission

reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. PPB's commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the Board as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

3. Adoption of New and Revised Standards

i. ***New and amended standards and interpretations in issue effective in the year ended 30 June 2025.***

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>This standard has no effect on PPB</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>This standard has no effect on PPB</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has</p>

Standard	Effective date and impact:
	<p>clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>This standard has no effect on PPB</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. <i>This standard has no effect on PPB</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>This standard has no effect on PPB</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>This standard has no effect on PPB</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>This standard has no effect on PPB</i></p>

iii. Early adoption of standards

The Pharmacy and Poisons board did not early – adopt any new or amended standards in year 2024/2025

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from Exchange transactions

ii) non-exchange transactions

Fees, taxes and fines

The Board recognizes revenues from fees and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Board and the fair value of the asset can be measured reliably.

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 Board and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

Rendering of services

The Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Board.

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 Board'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 National Assembly. Subsequent revisions and additional appropriations were incorporated into the approved budget in line with specific approvals from the relevant authorities. Upon receipt of these approvals, the Board formally included the additional appropriations in order to finalize the budget. Accordingly, the Board recorded additional appropriations amounting to Kshs. 581,540,000 in the FY 2024/2025 budget following the approval of the governing body.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under note 10 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Board operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

c) Taxes (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Board and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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.

Transfers are made to or from investment property only when there is a change in use.

e) 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 Board 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.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Board. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Board also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Board will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Board. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) 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.

h) Research and development costs

Board expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Board can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.
- Research and development costs (Continued)
-

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Board determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Board has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

Board assesses at each reporting date whether there is objective evidence that a financial asset or the Board of financial assets is impaired. A financial asset or the Board of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Board of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or the Board's debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. Board determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are

derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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 labor 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 Board.

j) Provisions

Provisions are recognized when the Board 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 Board 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.

Contingent liabilities

The Board 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

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

l) Changes in accounting policies and estimates

The Board 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

Board provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Board pays fixed contributions into a separate Board (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.

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

q) Service concession arrangements

The Board analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Board recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Board also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) 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.

s) Budget information

The original budget for FY 2024-2025 was approved by the National Assembly. There were no revisions or additional appropriations made to the approved budget without specific approvals from the appropriate authorities.

The Board's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Board'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: for example,

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 Board 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 Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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:

- a) The condition of the asset based on the assessment of experts employed by the Board.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- c) The nature of the processes in which the asset is deployed
- d) Availability of funding to replace the asset
- e) Changes in the market in relation to the asset

Provisions

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

6. Rendering of Services

	2024-2025	2023-2024
	Kshs	Kshs
Professional Licences	64,606,810	62,037,500
Registration of Premises	89,075,000	86,993,000
Wholesale Dealer Licences	30,180,000	22,469,000
Registration of Drug Fees	642,010,000	598,227,047
Pharmaceutical Representative Permit Licences	35,010,000	29,130,000
Registration of Pharmacist Fees	2,265,000	2,760,000
Manufacturing Licences	18,100,000	15,850,000
GMP Inspection Fees	372,060,028	96,329,707
Trade Affairs Income	466,155,788	414,393,170
Total Revenue from Rendering of Services	1,719,462,625	1,328,189,424

Pharmacy and Poisons Board derives its authority from the Pharmacy and Poisons Act, Cap 244, enacted in 1957 under the Laws of Kenya. The principal activity of the PPB is to regulate health products, health technologies and the pharmacy profession. Revenue from the rendering of services comprises the collections that enable the Pharmacy and Poisons Board to fulfil its mandate.

It was noted that there was a significant drop in revenue collection during the 2024/2025 financial year, attributed to the introduction of the e-Citizen platform as the primary gateway for government services. This transition encountered integration challenges, leading to delays and disruptions in the revenue collection process

Professional Licences: These revenues are derived from fees associated with professional licenses, particularly the annual practice licenses for pharmacists and pharmaceutical technologists. Pharmacy and Poisons Board generates this income by charging a legally mandated fee of Ksh. 5,000 per license, per annum.

Registration of Premises: These revenues are generated from legally established fees associated with the inspection, approval, and issuance of licenses for retail pharmacy premises registered by the Board. The fee for this service is set at Kshs. 11,000 per license, per annum.

Wholesale Dealer Licences: These are revenues derived from the legally established fees associated with the inspection, approval and issuance of licenses for wholesale pharmacy premises.

Wholesale Dealer Licenses: These revenues are derived from legally established fees related to the inspection, approval and issuance of licenses for wholesale pharmacy premises.

Registration of Drug Fees: These revenues are derived from the fees charged for the evaluation, approval and registration of pharmaceutical products, including medicines, medical devices and other related products. PPB assesses new drugs to ensure they meet safety, efficacy and quality standards before they can be legally sold or distributed in the market.

Pharmaceutical Representative Permit Licences: These revenues were derived from fees charged for the assessment of applications and the granting of pharmaceutical representative permits or medical representative permits. The established cost for this service is Ksh.5,000 per annum, supporting the evaluation and approval of applications for pharmaceutical representative permits, allowing professionals to practice in the pharmaceutical field.

Pharmaceutical Representative Permit Licenses: These revenues are derived from fees charged for the assessment and approval of applications for pharmaceutical or medical representative permits. The established fee for this service is Ksh. 5,000 per annum. This fee supports the evaluation and approval process, allowing qualified professionals to practice as pharmaceutical representatives in the pharmaceutical industry.

Registration of Pharmacist Fees: These collections were derived from fees charged for the review of applications and the registration of individuals as Pharmacists and enrolment of Pharmaceutical Technologists. The established cost for this service is Kshs. 5,000. The funds generated from pharmacist registration fees will be allocated to support the regulatory oversight of pharmacists and pharmaceutical technologists, including the enhancement of review processes, monitoring and enforcement of professional standards.

Manufacturing Licences: These revenues are generated from fees associated with the inspection, approval and issuance of licenses for pharmaceutical manufacturing facilities. The fee structure is legally established to ensure that all manufacturers comply with the necessary safety, quality and regulatory standards required to produce pharmaceutical products.

GMP Inspection Fees: These revenues are derived from fees charged for conducting Good Manufacturing Practices (GMP) inspections of pharmaceutical manufacturing facilities. The inspections are conducted to ensure that the facilities meet regulatory standards for the production of safe, high-quality pharmaceutical products.

Trade Affairs Income: This revenue is derived from fees charged for issuing import and export permits for pharmaceutical products. These fees ensure that trade complies with both national and international regulations, allowing for the legal and regulated movement of pharmaceutical products across borders.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (Current FY)	Insert Comparative FY
	KShs	KShs	KShs	KShs	KShs
Ministry/State Department	-	-	-	-	-
Ministry	-	-	-	-	-
Total	-	-	-	-	-

Pharmacy and Poisons Board made no transfers from Ministries, Departments and Agencies during the year ended June 30, 2025. That's to say, PPB did not receive any funds, grants or resources transferred from other government entities — such as ministries, departments or state agencies.

7. Other Incomes

	2024-2025	2023-2024
	Kshs	Kshs
Advertising Fees	8,150,000	7,322,307
Exam Assessment and Training	57,091,289	24,200,221
Miscellaneous Income	1,018,500	889,119
Donations	104,367,164	57,743,922
Other Incomes	2,219	-
Total	170,629,222	90,155,569

Other Incomes for the Pharmacy and Poisons Board include several categories:

- 1. Advertising Fees:** These are revenues generated from charging fees for advertising services. Organizations or individuals may pay the Board to advertise their products, services or events in the Board's publications, website or other communication channels. The purpose of advertising fees is to help the Board generate additional revenue while providing a platform for businesses and organizations to reach their target audience.
- 2. Examinations & Assessments:** This income comes from fees charged for conducting professional examinations and assessments. These may include

licensing exams for pharmacists, and pharmaceutical technologists or other assessments related to the Board's regulatory functions. The purpose of these is to support the Board's activities related to maintaining professional standards and ensuring compliance with regulatory requirements.

3. Miscellaneous Income: This category comprises various small or irregular sources of revenue that do not fall under specific classifications. It mainly includes funds recovered from staff through the surrender of unutilized imprests.

4. Donations refer to contributions received from individuals, organizations, or other entities, both local and international. These funds are typically given voluntarily to support the Board's mission and activities. Depending on the terms of the donor, donations may be designated for specific projects and initiatives or provided as general support. Such contributions play a vital role in enhancing the Board's capacity to fulfill its regulatory mandate and public health responsibilities.

During the financial year ended 30th June 2025, the Pharmacy and Poisons Board received donations from the following organizations:

Organization	Amount Received
AUDA-NEPAD	65,729,288
Bill Melinda Gates Foundation	34,871,452
GHANA AEFI	566,819
Karolinska Intitutet	703,962
The Global Health Protection Programme	2,495,643
Total	104,367,164

The designated activities funded through these donations are ongoing. Consequently, the unutilized balances from these project funds have been reported under the trade payables account, as several activities remain pending. The Board deemed it prudent to disclose these balances in line with sound financial reporting practices.

5. Other income refers to revenue earned from sources outside the organization's core operations. This may include, among others, interest earned on bank deposits, reversals of overcharged interest, or refunds of other bank-related charges. Such income, though not regular or predictable, contributes to the overall financial performance of the organization.

8. Personnel Emoluments

	2024-2025	2023-2024
	Kshs	Kshs
Basic Salary	79,381,257	63,989,533
House allowance	31,418,000	23,032,889
Extraneous allowance	744,000	2,543,514
Commuter allowance	8,722,645	5,856,935
Non-Practice Allowance	10,294,000	972,000
Leave allowance	472,400	532,000
Employer Contribution to Staff Pension	7,427,433	5,241,444
Employer Contribution to National Social Security Fund	3,519,290	1,533,260
Employer Contribution to Housing Levy	2,397,044	1,032,682
Gratuity	10,689,494	-
PAYE Arears	8,214,217	-
Total	163,279,780	104,734,257

The staffing structure at the Pharmacy and Poisons Board consists of two main categories: technical staff and other cadres. Technical staff refers to individuals with specialized knowledge and expertise in areas such as pharmacy, medicine, regulatory affairs and related fields. Other cadres include administrative, clerical and support personnel who contribute to the organization's operations but do not require specialized pharmaceutical expertise.

Technical staffs, including pharmacists and other healthcare professionals, are deployed to the PPB by the Ministry of Health. These individuals bring specialized expertise in critical areas such as drug evaluation, quality control and regulatory compliance, which are essential to the PPB's regulatory functions.

While technically employed by the Ministry of Health, these deployed staff members work under the direction and supervision of PPB, carrying out tasks and responsibilities related to pharmaceutical regulation and oversight.

Other cadres employed by PPB: such as administrative assistants, finance officers, and human resources personnel, are directly employed by PPB. These individuals support the organization's day-to-day administrative and operational functions, ensuring smooth and efficient operation.

Unlike deployed technical staff, other cadres are permanent employees of PPB, subject to its employment policies, procedures and regulations.

Chief Executive Officer (CEO) Categorized as Technical Staff:

The Chief Executive Officer, who holds a leadership role at PPB, is also categorized as technical staff. This designation reflects the CEO's significant

expertise and experience in pharmaceutical regulation, policy formulation and leadership within the healthcare sector.

As a key member of the organization's leadership team, the CEO plays a critical role in shaping PPB's strategic direction, managing its operations, and ensuring compliance with regulatory requirements.

Collective Categorization as PPB Staff:

While technical and non-technical staff members may have different roles and responsibilities within PPB, they are collectively categorized as PPB staff. This classification underscores the cohesive and collaborative effort of all employees in fulfilling the organization's mandate of safeguarding public health through effective pharmaceutical regulation.

Regardless of their specific roles, all PPB staff members contribute to the organization's mission and objectives, working together to uphold the highest standards of pharmaceutical safety, efficacy, and quality for the benefit of the public.

9. Board Member Expenses

	2024-2025	2023-2024
Sitting	3,680,000	9,118,000
Lunches	238,000	148,000
Travelling	9,038,263	4,898,778
Training	2,253,426	1,038,455
Honoraria	960,000	960,000
Total	16,169,689	16,163,233

Board Member Expenses refer to the costs incurred in relation to the activities and responsibilities of the members of Pharmacy and Poisons Board who served during the financial year 2024/2025. These expenses typically include several components necessary for the effective governance of the board as following:

1. **Sitting Allowances:** Board members often receive a sitting allowance for attending official board meetings, committee sessions and other PPB engagements. These allowances compensate members for their time, effort and contribution to strategic decision-making.
2. **Lunch Allowance:** This expense covers lunch allowances for Board members during various meetings throughout the year, ensuring they are adequately sustained during deliberations.
3. **Travel and Accommodation:** Board members may need to travel for meetings, conferences, inspections or other official duties. These travel-related expenses typically include transportation and accommodation costs,

especially if members are required to travel to different regions or internationally. This category may daily subsistence allowances (DSA) and other incidental expenses during official trips.

4. Training and Development: To ensure board members are well-versed in the latest industry trends, regulations and best practices, they may attend workshops, seminars, training sessions or conferences. Expenses under this category include registration fees, training materials and associated travel and accommodation costs.

5. Honoraria: This is the payment made to the Chairman of the Pharmacy and Poisons Board. The expense includes the Chairman's monthly honorarium, which serves as a token of appreciation and recognition for the dedication, time and expertise devoted to overseeing the Board's regulatory functions. It acknowledges the Chairman's significant role in providing leadership, guidance and strategic direction to ensure effective governance and decision-making within the Board.

10. Insurance and Medical Expenses

	2024-2025	2023-2024
Medical Insurance	54,059,175	44,749,916
Insurance	371,326	2,884,224
Total	54,430,501	47,634,140

11. Contracted Services

	2024-2025	2023-2024
Outsourced Services - Legal	25,707,690	8,566,947
Outsourced Services -Security	11,454,850	10,680,386
Outsourced Services -Cleaning	17,322,075	13,810,963
Service Level Contract: - Internet and Software Support	108,025,415	65,910,246
Contracted Professional Services - Consultancies - Health & Safety	24,057,270	37,354,116
Total Contracted Services	186,567,300	136,322,658

Reason for opening balance variance

Pharmacy and Poisons Board has aligned its financial reports with the format, structure and terminology prescribed by the National Treasury, consistent with the framework used during the approval of the Board's annual budget.

This alignment was undertaken to ensure consistency and comparability between the financial statements and the approved budget, thereby enhancing transparency and accountability in financial reporting. The initiative also aims to eliminate variances that may arise due to differences in reporting formats or classifications between the Board and the National Treasury.

Contracted services refer to services that the Pharmacy and Poisons Board (PPB) engages external providers to deliver on a contractual basis. These may

include professional, technical, or specialized services that are not performed by the Board's regular staff but are necessary for the effective execution of its mandate. Engaging such services enables the Board to access expertise, improve efficiency, and ensure that specific assignments or projects are implemented within the required standards and timelines.

Security Expense refers to the costs incurred by the Pharmacy and Poisons Board (PPB) to ensure the safety and protection of its assets, premises, staff and information. This includes payments to security companies and security officers for providing personnel to guard office buildings, laboratories and other facilities both at the PPB headquarters and its regional offices.

Consultancy refers to the expenses incurred when PPB engages external experts or firms to provide specialized knowledge, advice or services. These consultants are typically hired to support various functions that require expertise not available internally.

12. Use of Goods and Services

	2024-2025	2023-2024
	Kshs	Kshs
Drug analysis	15,888,054	16,798,840
Drug Crime & Investigation	16,091,016	19,057,866
Exam Assessment & Training	84,907,051	58,511,003
Good Manufacturing Practices (GMP)	75,237,718	27,476,921
Market Surveillance	175,203,701	135,684,721
Total	367,327,540	257,529,351

Use of Goods and Services refers to the expenses incurred by PPB for the purchase and consumption of goods and services necessary for its operations. These expenses typically include a broad range of operational costs required for the day-to-day functioning of the organization.

For the Pharmacy and Poisons Board, examples might include:

Operating / Collection costs for the Pharmacy and Poisons Board refer to costs in relation to regulatory functions for example Market surveillance (Post Market), Good Manufacturing Practices (GMP) which is PPB core mandate.

As a regulatory body overseeing pharmaceuticals and poisons the PPB may need to collect various fees and penalties to fund its operations and enforce compliance with regulations.

Drug analysis: This involves tests that cannot be conducted within the internal Pharmacy and Poisons Board laboratory. The specific justification for

this expense includes: Outsourced Drug Analysis: Engaging external laboratories for specialized drug testing and collaboration with External Laboratories: Partnering with specialized external labs to perform complex analyses beyond the capabilities of our internal facilities.

Drug Crime & Investigation: These costs relate to drug crime investigation activities conducted by the Pharmacy and Poisons Board's Inspectorate during the financial period ended 30th June 2025. They include Inspectorate Activities for Crime Investigation, efforts to investigate crimes associated with illicit activities in regulated products, such as diversion, counterfeiting, substandard products and unregistered medical products and technologies.

Exam Assessment & Training: These costs relate to the professional examinations administered by the Pharmacy and Poisons Board (PPB) during the financial period ending 30th June 2025. They include:

Pre-Registration/Pre-Enrolment Examinations: Professional examinations for Pharmacists and Pharmaceutical Technologists held bi-annually.

Inspections of Training Institutions: Evaluations of institutions providing pharmaceutical education.

Development of Guidelines and Regulations: Creating and updating guidelines and regulations for the profession.

These costs are supported by fees collected from exams and assessments. It should be noted that these expenses exceeded the related fees collected during the period.

Good Manufacturing Practices (GMP): These costs relate to GMP inspection activities conducted by the Pharmacy and Poisons Board (PPB) during the financial year ending 30th June 2025. The PPB ensures that compliance with GMP standards is crucial for safeguarding public health by ensuring the production of high-quality, safe, and effective medicines, medical devices, biological products, and vaccines. The inspections performed during the year aimed to identify and rectify deviations or non-compliance issues, thereby preventing substandard and unsafe products from reaching patients.

Market Surveillance: These expenses relate to market surveillance activities conducted by the Pharmacy and Poisons Board during the financial year ending 30th June 2025. They cover costs associated with the surveillance of medicines, medical devices, biological products and vaccines in the Kenyan market. The primary goal is to ensure the safety and efficacy of these products. During this period, PPB aimed to identify and address potential risks promptly, thereby protecting patient well-being and enhancing public trust in healthcare products.

Reason for opening balance variance

Pharmacy and Poisons Board has aligned its financial reports with the format, structure and terminology prescribed by the National Treasury, consistent with the framework used during the approval of the Board's annual budget.

13. Administrative Expenses

	2024-2025	2023-2024
	Kshs	Kshs
Travelling and accommodation	237,472,585	235,057,643
Printing and stationery	72,427,366	150,565,986
Motor vehicle expenses	31,256,102	32,940,036
Telephone and postage	24,456,175	19,630,974
Training, seminars and conference	79,955,384	78,214,027
Electricity	6,318,187	7,200,080
Water	375,994	442,551
Advertisement and publicity	1,480,205	3,367,208
Audit fees	1,160,000	1,160,000
Official entertainment	9,194,450	11,633,122
Donations	109,463,164	92,153,780
Rent and rates	3,857,247	4,109,476
Uniform	1,658,054	1,967,285
Reference materials	1,380,202	1,045,920
Laboratory Reagents	58,789,418	39,300,759
Bank charges	292,948	436,299
Total Administrative Expenses	639,537,480	679,225,146

Administrative Expenses encompass a range of costs necessary for the day-to-day operations and activities of the Pharmacy and Poisons Board. These expenses include:

Printing and Stationery Costs The specific justifications for this expense include the development and printing of administrative policies, Information, Education and Communication (IEC) materials and training materials for various regulatory activities.

Utilities: Costs for electricity and water and other utilities required to operate offices and facilities.

Reasons for opening balance variance

Please note that, Pharmacy and Poisons Board has aligned its financial reports with the format, structure and terminology prescribed by the National Treasury, consistent with the framework used during the approval of the Board’s annual budget.

14. Repairs and Maintenance

	2024-2025	2023-2024
Building	21,362,957	6,633,517
Office Furniture & Fittings	32,659,452	38,332,519
Maintenance of Laboratory Equipment	35,141,855	26,720,927
Total Repairs and Maintenance	89,164,264	71,686,963

Repairs and Maintenance of Buildings refer to costs incurred by the Pharmacy and Poisons Board for the upkeep and repairs of buildings, both at its headquarters and regional offices.

Repairs and Office furniture & Fittings: This refers to the costs incurred for the repairs and maintenance of office equipment, furniture, and fittings at both the PPB headquarters and its regional offices.

Maintenance of Laboratory Equipment refers to the costs incurred during the financial year ended **2024/2025** for maintaining the laboratory equipment at the Pharmacy and Poisons Board Quality Control Laboratory. This ensures that all equipment remains in compliance with regulatory standards and requirements.

15. Depreciation of Property, Plant and Equipment

	2024-2025	2023-2024
Property, Plant and Equipment	134,305,292	142,637,769
Total Depreciation of Property, Plant and Equipment	134,305,292	142,637,769

Depreciation of Property, Plant, and Equipment is a fundamental accounting concept that allows Pharmacy and Poisons Board to accurately reflect the decrease in value of their long-term assets over time. It's crucial for matching expenses with revenues, providing a more accurate picture of PPBs financial performance and asset utilization.

PPB has been consistent in the use of reducing balance method over the years.

Depreciation of Property, Plant, and Equipment is a fundamental accounting concept that allows the Pharmacy and Poisons Board (PPB) to systematically allocate the cost of its long-term assets over their useful life.

This process reflects the gradual decrease in the value of assets such as buildings, equipment, vehicles, and machinery due to wear and tear, age, and obsolescence. Depreciation is crucial for matching expenses with the revenues

they help generate, thereby providing a more accurate picture of PPB's financial performance and asset utilization over time.

The PPB consistently employs the reducing balance method for calculating depreciation. This method involves applying a fixed percentage to the asset's book value each year, resulting in higher depreciation expenses in the earlier years of the asset's life. This approach aligns with the fact that many assets, such as equipment and machinery, typically lose value more rapidly in their initial years

of use. By using the reducing balance method, PPB ensures a realistic representation of the asset's declining value and its impact on the organization's financial statements

16. Cash and Cash Equivalent

	2024-2025	2023-2024
	Kshs	Kshs
Current Account	560,151,920	193,794,386
Total cash and cash equivalent	560,151,920	193,794,386

Detailed Analysis of the Cash and Cash Equivalents

The bulk of the cash at bank for Pharmacy and Poisons Board was held at Absa Bank Kenya Plc and National bank of Kenya.

		2024-2025	2023-2024
	Account Number	Kshs	Kshs
Co-operative Bank - Kshs	0112003758900	83,630,815	161,362,008
Absa Bank Kenya Plc – Kshs	0708017701	237,687,307	8,607,457
National Bank of Kenya – Kshs	01001031846400	764,992	350,353
Absa Bank Kenya Plc – USD	2023469262	166,581,004	23,474,568
Co-operative Bank Donor-Kshs	01100037589003	64,372,646	-
Co-operative Bank Donor-USD	02100037589004	7,115,156	-
KCB Bank Kes	1332726895	-	-
KCB Bank USD	1332781586	-	-
Total		560,151,920	193,794,386

Pharmacy and Poisons Board cash and cash equivalent

These details outline the bank accounts held by the Pharmacy and Poisons Board (PPB) and their respective balances as of the financial year ending 30th June 2025. This information includes:

Account Information: A summary of all bank accounts maintained by PPB, including account numbers, names of the banks and types of accounts (for example current).

Account Balances: The balances for each account at the end of the financial year. This includes the opening balance at the beginning of the year.

17. Trade and Other Receivables

	2024-2025	2023-2024
	Kshs	Kshs
Rent deposit	393,319	393,319
Prepayments	7,361,213	4,187,490
Prepaid Medical Insurance	22,000,000	22,374,958
Trade debtors	34,829,014	35,273,663
AUDA-NEPAD	4,644,006	4,607,619
Provision for bad and doubtful debts	(1,505,065)	(1,505,065)
Total	67,722,487	65,331,984

Ageing analysis for Receivables from exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY 2024-2025	% of the total	Comparative FY 2023-2024	% of the total
Less than 1 year	34,005,219	49	29,208,060	44
Between 1- 2 years	-	-	22,546,605	34
Between 2-3 years	-	-	4,709,236	7
Over 3 years	35,222,333	51	10,373,149	15
Total	69,227,552	100	66,837,050	100

Rent Deposits refer to prepaid rent made by the Pharmacy and Poisons Board while occupying offices at Josem Trust in the early years, before relocating to its current premises. Efforts to recover these deposits have been unsuccessful due to the fact that the owner of Josem Trust went out of business. The management of the Pharmacy and Poisons Board requests that the Board facilitate the writing off of these unrecoverable deposits from the books of account.

Prepayments relate to amounts paid in advance for motor vehicle fuel, maintenance and services at CFAO Mobility Kenya Limited. These prepayments are intended to cover future costs associated with these services.

Prepaid Medical Insurance represents the advance payment for medical coverage for PPB staff for the financial year. This amount covers half of the projected medical costs for the financial year. The prepaid amount will be expensed against the income statement for the financial year.

Trade Debtors represent receivables from PPB clients whose cheques have bounced. Efforts to recover these debts are on-going. During the year ended June 30, 2025 partial recoveries were achieved. It is expected that management will continue to actively pursue these debtors to replace the previously bounced cheques.

AUDA-NEPAD (African Union Development Agency - New Partnership for Africa's Development) is a donor organization that plays a significant role in promoting sustainable development and addressing various health challenges across Africa. In Kenya, AUDA-NEPAD supports research on neglected diseases, which are conditions that predominantly affect poor and marginalized communities and often receive less attention and funding globally. These diseases include, but are not limited to, malaria, tuberculosis and various parasitic infections.

The provision for bad and doubtful debts is an accounting practice used to estimate and set aside a portion of receivables that may not be collectible. This provision helps the Pharmacy and Poisons Board anticipate potential losses from clients who may be unable or unwilling to pay their outstanding debts, or in cases where the client's company has gone under.

Bad debts are receivables that are confirmed to be uncollectible. For instance, if a debtor declares bankruptcy, the amount owed is classified as a bad debt and the provision accounts for this loss.

Doubtful Debts are receivables where there is uncertainty about collection. Pharmacy and Poisons Board may not be certain whether these debts will be recovered or when they might be paid. The provision for doubtful debts accounts for this uncertainty.

The Pharmacy and Poisons Board's policy for bad and doubtful debts is to allocate 2.17% of the receivables for the period.

18 a) Property, Plant and Equipment

	Land	Building	Office Partioning	Motor Vehicles	Computer Equipment	Office Equipment	Container	Furniture and Fittings	Lab for Post Market Surveillance	Regional Offices	Car Park	TOTAL
COST	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)
Rate(%)	Nil	2.50%	12.50%	25%	30%	12.50%	12.50%	12.50%	12.50%	2.50%	12.50%	
COST												
As at 01.07.2024	75,000,000	332,806,430	202,872,394	169,589,121	569,174,560	351,709,890	490,000	173,734,182	393,582,647	196,279,850	15,781,361	2,481,020,435
Additions	-	-	32,398,648	16,038,864	33,276,582	2,980,006	-	3,886,222	-	-	-	88,580,322
As at 30.06.2024	75,000,000	332,806,430	235,271,042	185,627,985	602,451,142	354,689,896	490,000	177,620,404	393,582,647	196,279,850	15,781,361	2,569,600,757
DEPRECIATION												
As at 01.07.2023	-	66,774,065	103,396,651	149,003,803	445,624,617	172,021,206	414,438	79,228,446	209,895,217	23,864,723	8,698,759	1,258,921,925
Charge for the year	-	6,650,809	16,484,299	9,156,046	47,047,957	22,833,586	9,445	12,298,995	22,960,929	4,310,378	885,325	142,637,769
Acc dep as at 30.06.2024	-	73,424,874	119,880,950	158,159,848	492,672,575	194,854,792	423,883	91,527,441	232,856,146	28,175,101	9,584,084	1,401,559,694
NBV as at 30.06.2024	75,000,000	259,381,556	115,390,092	27,468,137	109,778,567	159,835,104	66,117	86,092,963	160,726,501	168,104,749	6,197,277	1,168,041,063
As at 30.06.2023	75,000,000	266,032,365	99,475,743	20,585,318	123,549,943	179,688,684	75,562	94,505,736	183,687,430	172,415,127	7,082,602	1,222,098,510
COST												
As at 01.07.2024	75,000,000	332,806,430	235,271,042	185,627,985	602,451,142	354,689,896	490,000	177,620,404	393,582,647	196,279,850	15,781,361	2,569,600,757
Additions	-	-	6,980,940	-	54,170,577	-	-	5,241,859	-	-	-	66,393,376
Transfer	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
As at 30.06.2025	75,000,000	332,806,430	242,251,982	185,627,985	656,621,719	354,689,896	490,000	182,862,263	393,582,647	196,279,850	15,781,361	2,635,994,133
DEPRECIATION												
As at 01.07.2024	-	73,424,874	119,880,950	158,159,848	492,672,575	194,854,792	423,883	91,527,441	232,856,146	28,175,101	9,584,084	1,401,559,695
Charge for the year	-	6,484,539	15,296,379	6,867,034	49,184,743	19,979,388	8,265	11,416,853	20,090,813	4,202,619	774,660	134,305,292
Acc dep as at 30.06.2025	-	79,909,413	135,177,329	165,026,882	541,857,318	214,834,180	432,148	102,944,294	252,946,959	32,377,720	10,358,744	1,535,864,986
NBV as at 30.06.2025	75,000,000	252,897,017	107,074,653	20,601,103	114,764,401	139,855,716	57,852	79,917,969	140,635,688	163,902,130	5,422,617	1,100,129,147
NBV as at 30.06.2024	75,000,000	259,381,556	115,390,092	27,468,137	109,778,567	159,835,104	66,117	86,092,963	160,726,501	168,104,749	6,197,277	1,168,041,063

18 (b) Property, Plant & Equipment as per Fy 2024/2025 schedule

The schedule for Property, Plant and Equipment for the fiscal year 2024/2025 outlines the assets owned by Pharmacy and Poisons Board, including their values, depreciation and any acquisitions or disposals. This schedule provides a comprehensive overview of PPB investments in physical assets and their status for the specified financial year ended 30th June, 2025

Notes to the Financial Statements (Continued)

	Balance	Additions		Accumulated			NET BOOK
	Brought forward	during the year	Total	Depreciation	year charge	Total	VALUE
Land	75,000,000	-	75,000,000	-	-	-	75,000,000
Building	332,806,430	-	332,806,430	73,424,874	6,484,539	79,909,413	252,897,017
Office Partitioning	235,271,042	6,980,940	242,251,982	119,880,950	15,296,379	135,177,329	107,074,653
Motor Vehicles	185,627,985	-	185,627,985	158,159,849	6,867,034	165,026,882	20,601,103
Computer Equipment	602,451,142	54,170,577	656,621,719	492,672,575	49,184,743	541,857,318	114,764,401
Office Equipment	354,689,896	-	354,689,896	194,854,792	19,979,388	214,834,180	139,855,716
Container	490,000	-	490,000	423,883	8,265	432,148	57,852
Furniture & Fittings	177,620,404	5,241,859	182,862,263	91,527,441	11,416,853	102,944,294	79,917,969
Lab for Postmarket Surveillance	393,582,647	-	393,582,647	232,856,146	20,090,813	252,946,959	140,635,688
Regional Offices	196,279,850	-	196,279,850	28,175,101	4,202,619	32,377,720	163,902,130
Car Park	15,781,361	-	15,781,361	9,584,084	774,660	10,358,744	5,422,617
Total	2,569,600,757	66,393,376	2,635,994,133	1,401,559,694	134,305,292	1,535,864,986	1,100,129,147

19. Trade and Other Payables

	2024-2025	2023-2024
	Kshs	Kshs
Trade Payables	4,375,650	4,375,650
Accrued PAYE	-	28,000
Accrued Withholding Taxes	-	1,405,499
Accrued Audit Fees	1,160,000	1,160,000
Total	5,535,650	6,969,149

Ageing analysis: (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	1,160,000	21	2,593,499	37
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	4,375,650	79	4,375,650	63
Total (tie to above total)	5,535,650	100	6,969,149	100

Trade payables represent credits from clients in our account. Pharmacy and Poisons Board allows clients to utilize their reserve funds from time to time. However, it should be noted that no clients were permitted to use their credit during this period, as the government mandates that all payments be made through the e-Citizen gateway.

20. Deferred Revenue

	2024-2025	2023-2024
	Kshs	Kshs
Bill Melinda Gates Foundation	55,850,605	-
GHANA AEFI	6,521,963	-
KAROLINSKA INSTITUTET	462,750	-
The Global Health Protection Programme (GHPP)	124,300	-
Total	62,959,618	-

Deferred revenue refers to funds received by the Pharmacy and Poisons Board for services or activities that have not yet been performed or completed in accordance with the terms of the Grant Agreement. It is therefore recognized as a liability, as the Board still has an obligation to deliver the agreed-upon outputs or services to the donors in the future.

Bill & Melinda Gates Foundation – The balance of **Kshs. 55,850,605** represents unutilized funds received from the donor. These funds are earmarked for the implementation of specific planned activities extending across the financial year. The Pharmacy and Poisons Board (PPB) retains these balances to ensure continuity in executing ongoing programs, in line with the donor’s objectives and agreed project timelines. This approach guarantees that the resources are applied exclusively for their intended purpose while promoting transparency and accountability in the management of donor fund.

GHANA AEFI- The balance of **Kshs. 6,521,963** represents unutilized donor funds earmarked for ongoing planned activities. The Pharmacy and Poisons Board retains these funds to ensure continuity of programs in line with donor objectives and timelines.

KAROLINSKA INSTITUTET - The balance of **Kshs. 462,750** represents unutilized donor funds earmarked for ongoing planned activities. The

Pharmacy and Poisons Board (PPB) retains these funds to ensure continuity of programs in line with the donor's objectives and agreed timelines.

The Global Health Protection Programme (GHPP) – The balance of **Kshs. 124,300** represents unutilized funds received from the donor. These funds are earmarked for specific planned activities which were still ongoing as at year-end. The Pharmacy and Poisons Board (PPB) considered it prudent to disclose these balances to reflect transparency and accountability in the management of donor resources, as well as to provide a clear view of funds available for the continuation of the designated activities in the subsequent period.

21 Revaluation Reserves

	2024-2025	2023-2024
	Kshs	Kshs
Revaluation of Assets	6,479,649	6,479,649
Total	6,479,649	6,479,649

21 (a) Revaluation Reserve

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

21 (b) Fair Value Adjustment Reserve

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognized in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognized in profit or loss.

22. Accumulated Reserves

	2024-2025	2023-2024
	Kshs	Kshs
As at 1 st July 2024	1,413,718,636	1,451,307,160
Surplus/(Deficit) for the year	239,310,001	(37,588,524)
As at 30th June 2025	1,653,028,637	1,413,718,636

Accumulated Reserves: These are the retained earnings that the Pharmacy and Poisons Board has accumulated over time. They represent surplus funds retained after covering all expenses and liabilities, which can be used to support future operations, investments, or to cushion the Pharmacy and Poisons Board against unforeseen financial challenges. Accumulated reserves are a key indicator of the organization's financial health and stability, reflecting its ability to sustain operations and fund strategic initiatives. However, during the year under review,

Pharmacy and Poisons Board incurred losses, thereby reducing the previously accumulated reserves

23. Cash Generated from Operations

	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the year before tax	239,310,001	(37,588,524)
Adjusted for:		
Depreciation	134,305,292	142,637,769
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	-	-
Increase in receivables	(2,390,502)	15,619,426
Increase in deferred income	62,959,618	-
Increase in payables	(1,433,499)	(17,973,328)
Increase in payments received in advance	-	-
Net cash flow from operating activities	432,750,910	102,695,343

1. Related Party Disclosures

(a) Government of Kenya

The Government of Kenya is the principal governor of Pharmacy and Poisons Board, holding 100% of the Pharmacy and Poisons Board's equity interest. The Government of Kenya has provided full guarantees if any to all long-term lenders of the Pharmacy and Poisons Board, both domestic and external.

(b) Other related parties include:

- i) The Parent Ministry;
- ii) Key management;
- iii) Board of directors;

(c) Incorporation

The Pharmacy and Poisons Board was established under Cap. 244 of the Pharmacy and Poisons Act 1957, an act of parliament to make better provision for the control of the profession of pharmacy and the trade in drugs and poisons.

(d) Events After the Reporting Period

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

(e) Currency

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

Appendix

Appendix I: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status
1.	Long outstanding trade and other receivables	Few recoveries were made during the year	Ongoing
2.	Property, plant and equipment. Lack of title deeds for LR No. 209/365/5	Follow up is being made with the Ministry of Land so as to secure the title	Resolved
3.	Budgetary control and performance	The challenges related to clients integration with eCitizen have now been fully addressed.	Resolved
4.	Long outstanding trade and other payables	Efforts were made to improve debt recovery processes, resulting in partial recoveries being achieved.	Partially Resolved
5.	Missed performance target	Engagements were undertaken with the Treasury to request additional budgetary allocations to prevent future shortfalls	Partially Resolved
6.	Non compliance with the climate regulations	Actions were taken to address and resolve the issue during the period.	On going
7.	Irregularities in composition of the Board	Efforts were made to regularize the composition of the Board in line with the applicable regulations. The matter has since been addressed, and a fully constituted and functional Board is now in place	Resolved
8.	Staff earning less than a third basic salary	Steps were taken with the affected staff and financial institutions to regularize matters and ensure future compliance with the applicable regulations.	On going
9.	Understaffing of the Board	Engagements with donors are underway to obtain funding for the recruitment of additional staff to address the staffing gap	On going
10.	Poor Information Technology (IT) and internal control environment	The issue was addressed during the period, and the	Resolved

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status
		necessary information was provided as evidence	

Chief Executive Officer

Date...24/11/2025.....

Appendix II: Projects implemented by Pharmacy and Poisons Board

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

There were no projects to be implemented by Pharmacy and Poisons Board in the year ended June 30,2025

Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature : Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ministry of Planning and Devolution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
USAID	N/A	N/A	N/A	N/A	N/A	N/A	xxx	N/A	N/A
Ministry of Planning and Devolution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

During the financial year ended June 30, 2025, the Pharmacy and Poisons Board did not receive any transfers—whether in the form of grants, subvention or other financial support—from other government entities.

All activities and operations undertaken by the Board during the year were financed through its internally generated revenue, derived primarily from fees collected for regulatory services such as licensing, product registration, and inspection activities, as well as grants received from development partners and donors.

Consequently, there were no inter-entity transfers to report for the period under review. Any future transfers from other government agencies will be duly disclosed in subsequent financial statements in accordance with applicable public sector accounting standards.

Appendix IV: Inter-Entity Confirmation Letter

During the financial year ended June 30, 2025, Pharmacy and Poisons Board did not engage in any inter-entity transactions with other government ministries, departments or agencies.

As such, there were no outstanding balances or financial dealings requiring confirmation between the Board and any other public entity. Consequently, no inter-entity confirmation letters were prepared or exchanged during the period under review.

Appendix V: Reporting of Climate Relevant Expenditures

During the financial year ended June 30, 2025, Pharmacy and Poisons Board actively participated in climate-related initiatives in support of the Government of Kenya's environmental conservation and sustainability agenda.

In particular, the Board undertook tree planting activities in West Pokot County, where PPB officers collaborated with local communities and other stakeholders in the distribution and planting of tree seedlings. This initiative was aimed at promoting reforestation, biodiversity conservation and climate change mitigation.

The related expenditures incurred during the exercise—mainly covering transport, accommodation and logistical costs—were accounted for under the Travelling and Accommodation budget line.

The Board remains committed to integrating environmental sustainability into its operations and will continue to support national efforts toward achieving Kenya's climate change and green growth objectives.

Appendix VI: Reporting on Disaster Management Expenditure

During the financial year ended June 30, 2025, Pharmacy and Poisons Board undertook proactive measures aimed at disaster prevention and safety enhancement within its premises and regional offices.

Specifically, the Board carried out tree trimming activities to remove branches that had grown close to electric power lines along the boundaries of the headquarters and regional offices. This exercise was conducted as a preventive safety measure to mitigate the risk of electrical hazards, fires or power disruptions, thereby ensuring the safety of staff, visitors and property.

The related expenditures for the activity—covering transportation, allowances, and logistical arrangements—were accounted for under the Travelling and Accommodation budget line.

The Board remains committed to maintaining a safe working environment and implementing disaster risk reduction initiatives as part of its ongoing operational and compliance responsibilities.