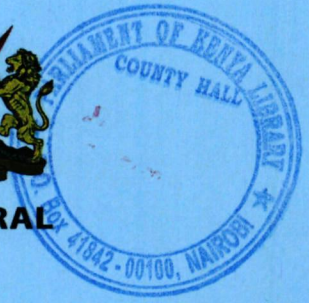




*Enhancing Accountability*



**REPORT**

THE NATIONAL ASSEMBLY	
DATE: 12 OCT 2022	DAY: Wednesday
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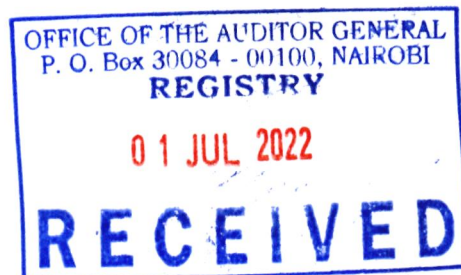
**OF**

**THE AUDITOR-GENERAL**

**ON**

**PEST CONTROL PRODUCTS BOARD**

**FOR THE YEAR ENDED  
30 JUNE, 2021**



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# **PEST CONTROL PRODUCTS BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30 JUNE 2021**

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

**PEST CONTROL PRODUCTS BOARD**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021.**

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**Pest Control Products Board**  
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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Pest Control Products Board is a Statutory organization of Kenya Government established under an Act of parliament, the Pest Control Products Act, Cap 346, Laws of Kenya of 1982 to regulate the importation and exportation, manufacture, distribution and use of pest control products.

**(b) Principal Activities**

- i. Assessing the safety, efficacy, quality and economic value of pest control products with a view of registering them, if found suitable.
- ii. Assessing suitability of premises used for manufacture/formulation, storage and distribution of pest control products for purposes of licensing.
- iii. Processing and issuing import permits to ensure that only correct quantities of registered products are imported and in right quantities.
- iv. Advising the Minister on all matters relating to the Provisions of the Act and Regulations made there under.
- v. Monitoring and ensuring adherence of quality standards of pest control products from production to use.
- vi. Creating awareness of the general public on all aspects of safety, storage, handling and use of pest control products.
- vii. Investigating and prosecuting offences related to Pest Control Products Act.
- viii. Supervising the disposal of obsolete or undesired pest control products.

**(c) Key Management**

The Pest Control Products Board's day-to-day management is under the following key organs:

- The Board of Directors
- The Office of the Chief Executive
- Corporate services Department
- Compliance and Enforcement Department
- Registration and Analysis Department
- Analytical Services Department

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:-

No.	Designation	Name
1.	CEO	Dr. Esther Kimani

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2.	A.g GM. Corporate Services	CPA James Mwaura
	Manager Finance & Accounts	
3.	A.g GM. Registration	Mr. Muchiri
4.	A.g GM. Compliance & Enforcement	Mr. Kalawa
5.	A.g GM. Analytical Services	Mrs. Grace Muchemi
6.	A.g GM. Planning & Research	Dr. Paul Ngaruiya

**(e) Fiduciary Oversight Arrangements**

**1. Finance and Administration Committee**

Terms of Reference

- i. Deal with all financial and administration matters
- ii. Disburse payments
- iii. Maintain fully audited account record
- iv. Give service to client's effectively i.e. correspondence, requests etc.

**2. Audit Committee**

Terms of Reference

- i. Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- ii. Reviewing audit issues raised by both internal and external auditors.
- iii. Resolving unsettled and unimplemented Public Accounts and
- iv. Public Investment Committees' (PAC/PIC) recommendations.
- v. Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

**(f) Pest Control Products Board Headquarters**

P.O. Box 13794-00800  
PCPB Headquarters  
Loresho  
Nairobi, KENYA

**(g) Pest Control Products Board Contacts**

Telephone: (254) 020-8021846/7/8  
E-mail: md@pcpb.go.ke; info@pcpb.go.ke; pcpb016@gmail.com;  
Website: www.pcpb.go.ke

**(h) Pest Control Products Board Bankers**

Kenya Commercial Bank Limited

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Sarit Centre  
P.O. Box 14959-00800  
Nairobi.

Barclays Bank of Kenya Limited  
Westlands  
P.O. Box 14403-00300  
Nairobi

**(i) Independent Auditors**

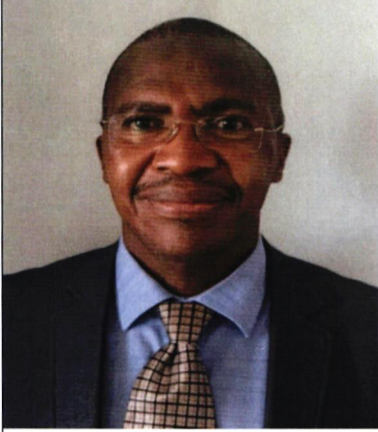


Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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

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**2. THE BOARD OF DIRECTORS/COUNCIL**

Ref	Directors	Details
1.	 <p><b>Kuria Gatonye</b> <b>Chairperson</b></p>	<p>Born 1964</p> <ul style="list-style-type: none"> <li>• Executive MBA,</li> <li>• BSc Chemistry and Biochemistry,</li> <li>• Advanced Diploma in Purchasing and Supply 2010, CIPS UK.</li> <li>• And Diploma in Coffee Estate Management (Standard Chartered Estate Management Ltd)</li> <li>• 2018 to date: Consultant</li> <li>• 2003 to 2018: Tropical Farm Management Ltd, Head of Supplies Department</li> <li>• 1999- 2003: Technical Manager at Osho Chemical Industries</li> <li>• 1995 -1999: Sales Representative at Kenwin Enterprises</li> <li>• 1989 -1995: Coffee Estate Manager at Standard Chartered Estate Management Ltd.</li> </ul>
2.	 <p><b>Andrew Mware Kinyua</b> <b>Member</b> <b>State Department of National Water Services</b></p>	<p>Born 1966</p> <ul style="list-style-type: none"> <li>• BSc Chemistry</li> <li>• Jan 2015 to date: Head (Deputy Director) of Water Quality and Pollution Control Division, Water Resources dept, Ministry of Water and Irrigation</li> <li>• 2010 - 2014: Senior Principal chemist II</li> <li>• 2008 - June 2010: Principal Chemist</li> <li>• -2006- June 2008 Chief Chemist (NB// All above under Ministry of Water &amp; Irrigation)</li> <li>• 2002-2005: Senior Chemist in charge of Assay Laboratory</li> </ul>
3.	 <p><b>Dr. Elijah K. Gichuru</b> <b>Member</b> <b>KALRO –Coffee Research foundation</b></p>	<p>Born 1967</p> <ul style="list-style-type: none"> <li>• PhD, Msc</li> <li>• Aug 2014 to date: Director at Coffee Research Institute</li> <li>• Feb 2013 to Aug 2014: Acting Director of Research/CEO at Coffee Research Foundation.</li> <li>• July 2010 to 2013: Deputy Director of Research at CRF</li> </ul>

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<p>4.</p>	 <p>Teresia Karanja <b>Member</b> <b>State Department of Agriculture.</b></p>	<p>Born 1966</p> <ul style="list-style-type: none"> <li>• Master's degree in Plant pathology</li> <li>• 2008 to date: State Department of Agriculture, Plant Protection Services Division as Pathology, weeds and Pesticide Advisory Officer.</li> <li>• 2005-2008 at District Agricultural Office, Kiambu as District Horticultural Crops Officer</li> <li>• 1996-2005 at Divisional Agricultural Office, Kikuyu as Divisional Horticultural Crops Officer</li> <li>• 1996-2005 at Divisional Agricultural Office, Kikuyu</li> </ul>
<p>5</p>	 <p>Mr. Collins Marangu <b>Member</b> <b>State Department of Agriculture</b></p>	<p>Born 1965</p> <ul style="list-style-type: none"> <li>• 2011 - Master of Science in Agriculture &amp; Rural Development from Kenya Methodist University</li> <li>• 2016 – Masters of science in crop protection from Egerton University</li> <li>• 1990 – Bachelor of science in Horticulture from Egerton university</li> <li>• Director of Agriculture</li> <li>• Crop Protection Department</li> <li>• State Department for Crop Development and Agricultural Research</li> </ul>
<p>6</p>	 <p>Dr. AyubMachariaNdaruga <b>Member</b> <b>Ministry of Environment &amp; Forestry</b></p>	<p>Born 1969</p> <ul style="list-style-type: none"> <li>• 2017 – Present – Director Environmental Education and Awareness, Ministry of Environment and Forestry</li> <li>• 2010 – 2012 – Acting Director General NEMA</li> <li>• PhD in Environmental Education from Rhodes University, South Africa (2004);</li> <li>• Master of Science (Strategic Leadership) from California Miramar University (2014);</li> <li>• Masters of Environmental Science (Wetland Ecology) Kenyatta University (1998);</li> <li>• Bachelor of Education (Botany and Zoology) from Kenyatta University (1994).</li> </ul>

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7.	 <p>Esther Ngari <b>Member</b> <b>Kenya Bureau of Standard</b></p>	<p>1973</p> <ul style="list-style-type: none"> <li>• Bachelors of Dairy Science and Food Technology from Egerton university</li> <li>• Masters of Business Administration from Jomo Kenyatta University of Agriculture and Technology</li> <li>• Currently the Director Standards Development and International Trade at Kenya Bureau of Standards.</li> <li>• She is a certified Lead Auditor for Food Safety Management Systems, Quality Management Systems and Environmental Management Systems.</li> <li>• Esther has over 20 years' experience gained from the Food manufacturing sector</li> </ul>
8.	 <p>Ali Gakweli <b>Member</b> <b>The Government Chemist</b></p>	<p>Born 1958</p> <ul style="list-style-type: none"> <li>• 2019 - MSc degree in Environmental Planning and Management SEKU</li> <li>• 1987 - BSc degree in Chemistry, University of Nairobi</li> </ul> <p><b>Current Inclination:</b></p> <ul style="list-style-type: none"> <li>• Head Of National Authority On Implementation Of The Chemical Weapon Convention</li> <li>• Project Manager - Development Of A National Response Plan To Respond To Unauthorized Events Involving Cbrn Materials In Ghana And Kenya</li> </ul>
7.	 <p>Geoffrey Mwikamba <b>Member</b> <b>The National Treasury</b></p>	<p>Born 1972</p> <ul style="list-style-type: none"> <li>• 1997 – Bachelor of Science</li> <li>• 2002 – Diploma in information systems management</li> <li>• Jan 2012 to date: Chief Information Communication Technology Officer at The National Treasury</li> <li>• Apr 2008 to Jan 2012: Senior Information Communication Technology Officer at Ministry of Finance</li> <li>• Dec 2003 to Apr 2008 ICT Officer I</li> <li>• Dec1999 to Dec 2003: Systems Analyst/Programmer at City Council of Nairobi</li> </ul>

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	<p>Born 1976</p> <ul style="list-style-type: none"> <li>• 2016 to date PHD – Innovations and Technology Management -JKUAT</li> <li>• 2013: MBA – Strategic Management</li> <li>• 2008: Diploma in Marketing Management</li> <li>• 2008: Basis Certificate in Crop Protection (UK)</li> <li>• 2000: Bachelor of science in Horticulture</li> </ul>
<p>Eric Kimungunyi <b>Co-opted member AAK Representative</b></p>	<p>Born 1965</p> <ul style="list-style-type: none"> <li>• Deputy Director, Education Development trust</li> <li>• PHD on Climate change Adaptation – Student</li> <li>• Master of Science in Zoology</li> <li>• Bachelor of Science in Biological Sciences</li> <li>• Programme leadership and management for effective delivery of results</li> <li>• Project design and bidding including for integrated complex programmes</li> <li>• Client Relations Management including donor liaison and coordination</li> <li>• Stakeholder engagements and partnerships with non-state and state actors</li> </ul>
	
<p>Mark Rotich <b>Independent Member</b></p>	
<p>Sahara S. Ali <b>Member, Ministry of Health</b></p>	<p>Born 1974</p> <ul style="list-style-type: none"> <li>• Principal Public Health Officer of the department of Public Health Division of Food Safety, Ministry of Health</li> <li>• Master’s in Public health and Epidemiology – Student</li> <li>• Bachelor of Science and Environmental Health Sciences</li> <li>• Higher Diploma in Environmental Health – food science and inspection</li> <li>• Diploma, Environmental Sciences</li> </ul>

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Esther Kimani PhD  
**Chief Executive Officer**

Born 1963



- PhD in Crop Protection
- Msc in Plant Pathology
- MBA strategic planning – student
- Chief Executive Officer, PCPB – Current
- Chief Executive Officer, KEPHIS - Immediate

**Pest Control Products Board  
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**3. MANAGEMENT TEAM**

	Management	Details
1.	 <p>Esther Kimani PhD</p> <p>PhD in Crop Protection, Msc. in Plant Pathology and BSC. Agriculture Student of MBA strategic planning.</p>	Chief Executive Officer
2.	 <p>James Mwaura</p> <p>MBA (Finance), BBA (Finance and Accounting), CPAK, CPS, AKIB, LLB- Student</p>	Head Corporate Services.
3.	 <p>Dr. Paul N. Ngaruiya</p> <p>PhD in Tropical Plant Sciences. Msc: Plant Pathology Bsc: Agriculture</p>	Head, Research & Training

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<p>4.</p>	 <p>Fredrick N. Muchiri Msc: Plant Pathology Bsc: Agriculture</p>	<p>Head, Registration</p>
<p>5.</p>	 <p>Grace N. Muchemi Msc: Analytical Chemistry Bsc: Botany and Chemistry</p>	<p>Head, Analytical Services</p>
<p>6</p>	 <p>Lawrence K. Ikiba Msc: Agronomy, Bsc: Agriculture</p>	<p>Head, Compliance and Enforcement.</p>

#### **4. CHAIRMAN'S STATEMENT**

It is my pleasure to present the Annual Report and the Financial Statement for the financial year 2020/2021 on the Pest Control Products Board operations.

The operations were derived based on the Board's Strategic Plan of 2018-2022 and guided by the provisions of the Pest Control Products Act, Cap 346 Laws of Kenya under which the Board is established.

The Board realized remarkable achievement in the regulation of pesticides and service delivery to the public in general. The activities undertaken included registration of pesticides, quality assurance of pesticides through premises inspection and certification of products therein among other enforcement activities.

To carry out these and other related activities, adequate resources were required and in this regard, I wish to recognize the Government funding to the Board which has enhanced its capacity to expand its operations including the on-going construction of a laboratory block.

The Board continued to engage with key stakeholders in consultative forums in order to identify partnerships required for improved service delivery. The Board sustained and enhanced collaboration with both private and public institutions and other stakeholders in areas of strategic planning, research, public health, environment, animal health, agriculture, institutions of higher learning and national and international standards setting bodies. Public consultations were also carried out on the development of Institutions Bill and Regulations, PCP Bill 2020.

On behalf of the Board, management and staff, I wish to reaffirm our commitment to the effective and efficient service delivery in pesticide regulation and trade facilitation for improved agricultural productivity, safe guarding of human health and environment and the promotion of sustainable development.



**CHAIRPERSON**

## **5. REPORT OF THE CHIEF EXECUTIVE OFFICER**

The Board is pleased to present the financial results for the year 2020/2021. During this period, the Board continued with the project of the construction of a laboratory which will go a long way in facilitating achievement of the desired levels of compliance to the law on pesticides.

On operations, the Board has been instrumental in carrying out its mandate with the Compliance and Enforcement Department inspecting and licensing approximately 4,877 premises against a target of 5,300 this represents a 92% achievement of the set target. The target was not achieved due to the effects of Covid-19, which distracted surveillance activities during lockdown periods. The department was also able to undertake a total of 66 trainings and awareness creation activities against a target of 25. This was made possible through use of technology to reach out to our stakeholders and increased collaboration with other government institution and other collaborators in training of farmers and other stakeholders.

The Registration department undertook 121 risk evaluation on applications presenting 100% achievement the target. The laboratory was able to collect and analyse 345 pesticides samples for quality assurance, against a target of 350, surpassing the set target.

The income generated during the year from both internal and external sources was approximately Kshs.202 million against Kshs 184 million the previous year, which represents 10% increase.

The Board over the years has been dogged by the challenge of limited human resource capacity with the year under review having a total staff force 68 against a recommended number of 216. During the period we also offered various internships and attachments opportunities lasting between six months to one year.

The institution is also at an advanced stage of repealing the current Act to comply with the dynamics of the industry and also comply with new local and international requirements on the standards of pest control products. Public participation forum were undertaken in 37 counties.

In summary, the management is committed to improving the outlook of the institution to effectively carry out its mandate in a prudent and professional manner.



Esther Kimani PhD  
**CEO/Secretary PCPB**

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**6. STATEMENT OF PCPB's PERFORMANCE AGAINST PREDETERMINED  
OBJECTIVES FOR FY 2020/2021**

Pest Control Products Board has two strategic pillars/ themes/issues and six strategic objectives within the current Strategic Plan for the FY 2018- FY2022. These strategic pillars/ themes/ issues are as follows:

Pillar 1: Ensure access to quality pest control products; promote agricultural productivity, safeguard human health animal health and environment.

Pillar 2: Enhance institutional sustainability

PCPB develops its annual work plans based on the above two pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. PCPB achieved its performance targets set for the FY 2020/2021 period for its two strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Ensure access to quality pest control products, promote agricultural productivity, safeguard human health animal health and environment.:	Enhance compliance of pest control products to set standards and facilitate trade	Maintain compliance through inspection of pesticide premises for licensing	Inspected premises stocking pesticides	4877
		Compliance to quality of pesticides enhanced	Sampled and analysed pesticide samples	358
	Ensure safe, quality and efficacious pest control products are availed to users	Risk Assessment Technical Meetings	Held registration meetings and evaluated pest control products for registration purposes and prepared reports	
Institutions Researching on Pesticide Performance Monitored			Monitored accredited institutions conducting preregistration trials	27

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		Develop crop grouping guidelines	Developed crop grouping guidelines in collaboration with the Agrochemical industry; 1) Efficacy guidelines for fruits and tree nuts; 2) residues guidelines for fruits and tree nuts; 3) Efficacy guidelines for flowers.	3
		Pesticides for emerging pests and diseases registered	Considered products for False codling moth and Desert Locusts for registration/label extension.	8
		Pesticides for manufacturing to boost the Big Four Agenda through manufacturing of pesticides	Supported registration of technical grade materials	9
Enhance responsible use of pest control products and food safety		Stakeholder Trainings and Awareness created	Organized trainings and participated in awareness creation activities (e.g farmers' field days, shows, exhibitions etc) to disseminate information on the responsible use of pesticides to farmers and other users	60
		Regulatory environment improved	Participate in Multilateral Environmental Agreements MEAs/Conventions, EAC and CODEX & pesticide management meetings	14
Improve management of pest control products		Safe disposal of obsolete, illegal pesticides and wastes	All Obsolete, expired and illegal pesticides encountered were seized and safely disposed	100%

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	lifecycle	encountered		
Enhance institutional sustainability	Improve resource mobilization and Accountability	Project Completion Rate	Construction of PCPB residue laboratory-- Complete plastering and initiated fittings	100%
	Improve quality and efficiency of service delivery	Ease of doing business	Developed guidelines for online submission of applications/dossiers	100%
		Corporate Social responsibility	Avocado seedlings planted in the nursery.  Coffee seedlings planted in the seed bed.	4125  10,000

## **7. CORPORATE GOVERNANCE STATEMENT**

Number of Board meetings held and the attendance to those meetings by members

The Board held meetings as follows:-

Board meetings - seven (7)

Technical and Registration committee meetings - six (6)

Finance and Administration committee meetings - four (4)

Audit committee meetings - three (3)

Ad-hoc committee meetings - two (2)

### **Succession Planning**

The institution has ensured that tenures of Board members do not expire at the same time.

The institution has inadequate staff to enable effective succession planning. This is made worse by the fact that PCPB is not a Body Corporate and therefore cannot distinctly recruit staff on its own as was advised by the Head of the Public Service via letter under ref. no. OP/CAB.9/133A dated June 25, 2020.

### **Board Charter**

The Board is in the process of developing a Board Charter. A draft is available.

### **Process of appointment and removal of directors**

#### **Appointment:**

The Cabinet Secretary appoints Directors to serve the Board for a period of three years, renewable once. All the independent members are appointed through a gazette notice.

Alternate directors representing government ministries as provided for in the PCP Act, are nominated by their ministries.

The President appoints the Chairman for a period of 3 years renewable once.

#### **Removal:**

The Board may recommend the removal of a member based on non-performance, no-attendance of meetings, unethical conduct or as set out in any constitutive documents and applicable laws.

### **Roles and functions of the Board**

#### **Board of Directors**

The Board consists of 12 directors. The Directors possess qualification and a wide range of expertise and experience to enable them to contribute effectively in their capacities as Directors to the Pest Control Products Board.

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**Duties**

The Board gives direction on the organization's strategy, objectives and values and ensures procedures and practices are in place to oversee proper governance and the effective control over the organization's assets and operations.

The Board of Management meets at least quarterly or as required to continually review and monitor the organizations progress with respect to strategic direction and operational effectiveness.

**Board Committees**

There are three Board committees, with written terms of reference to facilitate effective assistance to the Board to enable efficient decision making in executing their duties and responsibilities. Delegation of the authority to the Board committees does not discharge the Board of its duties and responsibilities.

**Technical and Registration Committee**

**Duties**

- i. To maintain a register of all registered/approved pest control products being used in Kenya
- ii. To maintain a register of all testing organizations
- iii. To maintain a register of all licenses of premises
- iv. To maintain a register of all licenses for import/export of pesticides
- v. To clarify the pesticides on the basis of toxicology, flash points and Corrosiveness to spray gadgets as set out on the Third Schedule of the Act
- vi. To index all pesticides
- vii. Design model labels in accordance with the Act and Regulations
- viii. To establish a data storage system on all pesticides

**Finance and Administration Committee**

**Duties**

- i. Deal with all financial and administration matters
- ii. Disburse payments
- iii. Maintain fully audited account record
- iv. Give service to client's effectively i.e. correspondence, requests etc.

**Audit Committee**

**Duties**

- i. Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- ii. Reviewing audit issues raised by both internal and external auditors.
- iii. Resolving unsettled and unimplemented Public Accounts and
- iv. Public Investment Committees' (PAC/PIC) recommendations.
- v. Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

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**Induction and training**

Induction and training is conducted by the State Corporations Advisory Committee for all new members.

**Board and member performance**

During the financial year, the State Corporation Advisory Committee facilitated the Board members evaluation.

**Conflict of interest**

A conflict of interest register is maintained. Members sign to declare No conflict of interest during all committee and board meetings.

**Board remuneration**

During the financial year, Board members were remunerated for their services in accordance with the prevailing relevant legislative provisions and guidance by government circulars issued from time to time.

Members are currently entitled to the following allowances:-

Sitting allowance of Kshs.20,000/=

Lunch allowance of Kshs.2,000/=

Transport allowance – provided /mileage allowance paid

Daily Substituent Allowance - Kshs.17,500/=

Chairman's honoraria Ksh.80,000/= per month

Chairman's Airtime of Kshs.7,000/= per month

**Ethics and conduct**

A code of conduct is in place. During the financial year, all members of the organisation adhered to the code of conduct and ethics.

**Governance audit**

The Board has not had a Governance audit yet. However, the exercise will be budgeted for in the next financial year to procure the services of a Certified Governance Auditor.

## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

### **Operational & Financial Performance**

PCPB is an organization of the Government of Kenya mandate with the regulations of pesticide industry from manufacture, distribution and use. The mandate ensures that the pesticides being used in Kenya are efficacious to improve agricultural productivity or control other diseases causing pest without harming the humanity, animal and the environment.

PCPB, to undertake its mandate has various departments and sections charged with various activities for smooth operations; the various departments performed as follows.

- A) Corporate services
- B) Registration
- C) Compliance & Enforcement
- D) Analytical Services

The Finance and Accounts section in PCPB is mandated with Revenue Collection, Accounting, Budget making supervision, Expenditure Control & Budget implementation monitoring among others. The section is an important cog that ensures all other departments operates smoothly through prompt facilitation and guidance.

Over the last five years and even before that, PCPB financial performance has continued to improve year after year. This is as a result of continuous efforts put in place to ensure all stakeholders are brought into the net and pay the relevant levies or other services fees as well as prudent and effective resource applications to ensure the mandate is achieved and revenue due is collected.

The illustrations below clearly indicate a steady growth for the last five years from total revenue of Kshs 160.7 million in FY 2016/17 to Kshs 229 million in FY 2020/21 with revenue from A.I.A growing from Kshs 78 Million in FY 2016/17 to Kshs 112 million in the FY 2020/21 representing a 43.5% growth.

In the same period there has been a steady growth in expenditure as the institution tries to expand with the growing demand of the industry.

Kenya in the recent past has adopted rigorous agribusiness activities which have resulted into much more consumption of agricultural inputs as compared to traditional agriculture. Pesticides being one of the major agricultural inputs have stretched PCPB operations to cope with the increased demand for surveillance activities as well as information dissemination to ensure safe use of pesticides.

The above growth in the industry has led to PCPB expenditure growth from Kshs 163 Million in FY 2016/17 to slightly above Kshs 235 Million in FY 2020/21. The two major expenditure drivers are personnel emoluments Costs in recurrent expenditure and the on-going construction of the pesticide residual laboratory in the capital expenditure section.

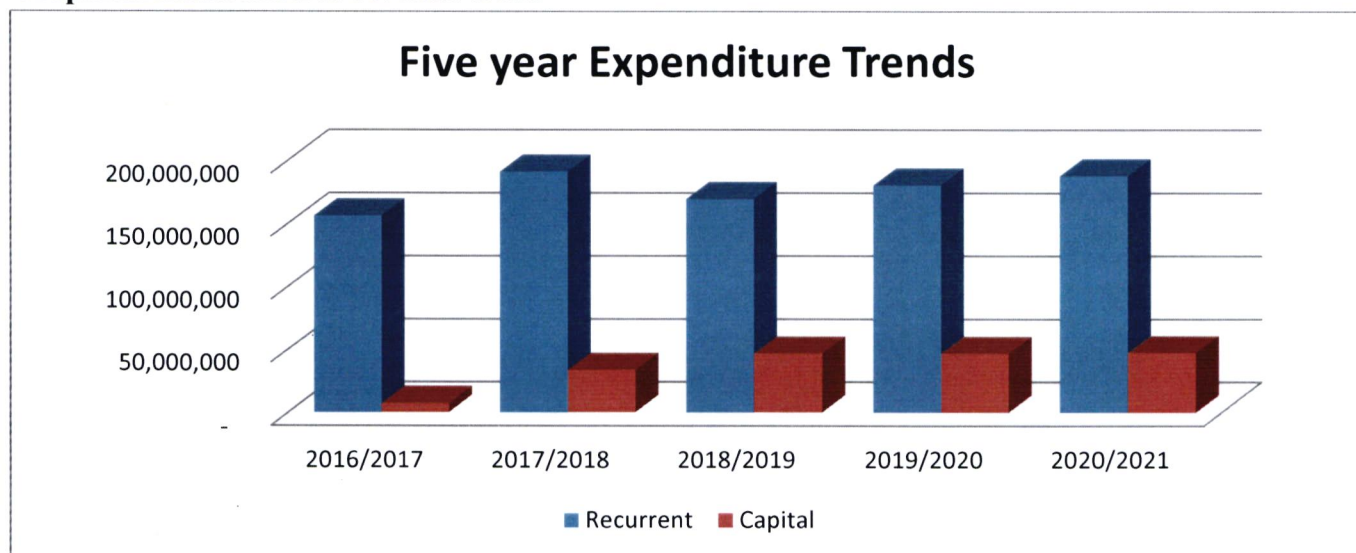
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The tables below and the graphical presentation highlight the revenue and expenditure performance for the last five years.

<b>Financial Performance – Revenue trends</b>					
<b>Revenue</b>	<b>FY 2016/2017</b>	<b>FY 2017/2018</b>	<b>FY 2018/2019</b>	<b>FY 2019/2020</b>	<b>FY 2020/2021</b>
A.I.A	78,334,544	80,489,409	99,289,421	95,249,884	112,730,643
Grants - Recurrent	82,424,796	127,800,000	88,200,000	89,550,000	90,000,000
- Development	-	8,750,000	10,000,000	10,000,000	26,321,436
<b>Total Revenue</b>	<b>160,759,340</b>	<b>217,039,409</b>	<b>197,489,421</b>	<b>194,799,884</b>	<b>229,052,079</b>

<b>Financial Performance – Expenditure trends</b>					
<b>Expenditure</b>	<b>FY 2016/2017</b>	<b>FY 2017/2018</b>	<b>FY 2018/2019</b>	<b>FY 2019/2020</b>	<b>FY 2020/2021</b>
Recurrent	156,041,116	190,926,038	169,288,378	180,261,809	187,656,921
Capital	7,090,844	33,459,393	46,711,214	46,745,037	47,389,690
Total Expenditure	163,131,960	224,385,431	215,999,592	227,006,846	235,046,611
	- 2,372,620	- 7,346,022	- 18,510,171	- 32,206,962	- 5,994,532

**Graphical illustration of revenue trend**



## **Graphical illustration of Recurrent & Capital Expenditure trends**

### **Compliance & Enforcement**

Compliance and Enforcement department is mandated to safeguard the environment by working towards reducing environmental impact associated with production and use of pesticides. The departmental activities geared towards environmental performance are:

- Assessing suitability of premises used for manufacture, formulation, re-packing, warehousing and distribution of pest control products for purposes of licensing the premises to undertake the named activities. This ensures that farmers and other end users gain access to quality pest control products.
- Processing and issuance of import and export permits to ensure that only registered pest control products are imported into the country
- Licensing of disposal facilities that do the actual incineration of obsolete pesticides, empty containers and other pesticide related wastes. These facilities receive pesticide wastes from the rest of the country leaving the environment clean.
- Supervising the disposal of obsolete empty containers and other pesticide related wastes.
- Creating awareness of the general public and farmers on all aspects of safety, storage, handling, disposal and responsible use of pest control products.
- Post registration surveillance is done to ensure elaborate guidelines are available on use and disposal of pest control products.

### **Responsible Competition Practice**

Activities relating to responsible competition practice and supply chain and supplier relations and responsible marketing and advertisement and product stewardship are:

- Monitoring all pest control products adverts being aired to reduce unfair completion as dealers popularize their products.
- Post registration surveillance ensures only registered pest control products are in the market.
- Routinely inspecting and licensing of all complying pesticide dealers so as to weed out rogue pesticide traders.
- Imports are controlled so that only registered pest control products get into and out of the country.
- There is physical border control to ensure only registered products get into the country.
- Capacity building to farmers and other stakeholders is done to ensure products are used responsibly.
- Sampling of products at PCPB laboratory to ensure quality of products is being maintained.
- Information sharing with other government agencies helps in reduction of illicit trade and promotes use of registered pest control products.

**Analytical services department**

PCPB being a regulatory agency under the Ministry of Agriculture plays a key role in achievement of The Big Four Agenda by supporting the intervention of providing quality and effective pest and disease control products; and reduction of post-harvest losses. Therefore PCPB contributes to food security, universal health and housing through registration of efficacious pesticides, inspection of products for compliance and quality analysis of pesticides sampled from the distribution chain. As Kenya continues to implement the strategies laid down in the social-economic blue print Vision 2030, agriculture productivity and conservation of the environment are key to achieve this agenda. Pesticides are poisons that cause harm to both human health and the environment and the lifecycle need to be monitored, managed and controlled. The stakeholders in both public and private sector have major health concerns that if high levels of pesticides exceeding maximum residual levels (MRLs) are consumed regularly they could cause cancers, reproductive defects, negative effects on the human neural systems as well as effects on the environment.

The Government of Kenya have made strides in controlling vectors that cause diseases such as malaria. The laboratory also analyses public health products such as mosquito coils and other products for household pests e.g. cockroaches, termites. In the construction industry especially housing termiticides are important in the control and management of termites and therefore the PCPB laboratory comes in handy to ensure compliance to set standards. The activities of PCPB are geared towards facilitation of trade nationally, regionally and internationally.

Pesticides that are up to standards in terms of quality and efficacy are key in controlling pests that cause most diseases and result to yield losses in the agricultural sector. There is need for regular monitoring of products in the market to ensure that only legit and compliant pesticides are availed to the farmers and for public health use. The constant increase in counterfeit and sub-standard pesticides in the market poses a major problem to human health, environmental safety and economic losses.

The PCPB Analytical Services Department carries out regular analysis on pesticide formulations for compliance to registered specification mainly through post registration surveillance. In the current year under review, formulation analysis on pesticide samples collected in different markets has been achieved through use of the modern analytical laboratory equipment and development of analytical protocols and techniques.

**Registration Department**

In the year under review the Registration Department reviewed a total of 242 products which were considered for registration out of which 121 were new products evaluations and 121 were parallel registration evaluations. From the total of 242 evaluations, 75 products were registered as new product registrations and 121 were registered for parallel registration. The total products approved were 196 products.

A total of 5 products were de-registered from the market through voluntary withdrawal by applicants. One Active ingredient under the name of Dicofol was banned and listed in Annex A of the Stockholm

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Convention in the year 2020 after being identified as a persistent organic pollutant. Kenya being a Party to the convention reviewed the Active ingredient and made a regulatory decision to ban Dicofol marketing and use and communicated the decision to the Secretariat of the Convention through the Ministry of Environment and Forestry (Stockholm Convention National Focal Point and Official Contact Point for Kenya) in January 2021.

Polyoxins (a group of nucleoside antibiotics composed of heterocyclic moieties containing nitrogen) use in crop protection should be discouraged to prevent cross resistance with other antibiotics used in human and animals. Therefore Polyoxins were RESTRICTED FOR USE IN GREENHOUSES ON NON-EDIBLE CROPS.

In the wake of COVID-19 Pandemic, dossier applications were suspended until guidelines could be developed for electronic submission. In the year under review, guidelines were therefore developed on electronic submission of technical dossier. This has eased submission by applicants and evaluation by officers.

## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

PCPB is a regulator of the pesticides industry, One of the Key critical point in the regulation of pesticides is the registration of Pest control Products for use in Kenya, The registration process entails a rigorous process of evaluating the efficacy of the products, the effects to the environment, humans and wildlife. Environmental conservation through pesticide registration is key to ensure sustainable food production, safeguard health and environment for our future generations. Some of the other areas PCPB puts emphasis on for safeguarding the environment are as listed below;

### **i. Procurement and Consumption**

PCPB commits to procuring and using products that have undergone good manufacturing processes and that can be recycled to minimize toxins in the supply chain. This helps to keep the environment pollutant free. To ensure this is done, PCPB will be guided by

- i. The Kenyan Green Public Procurement framework that The Ministry of Environment and Forestry has concluded developing as a draft.
- ii. Sustainable Development Goal (12) on Sustainable Consumption and Production (SCP).

In line with the above PCPB will as a future endeavour

- i. Develop a draft environmental policy with a component on green public procurement once the draft framework is finalized for adoption.
- ii. Sensitize all staff on the implementation of the environmental policy implementation

### **ii. Environmental Performance Waste management,**

In line with PCPB's regulatory mandate on the import, manufacture, use and disposal of pest control products, PCPB is guided by the provisions of PCP Act, EMCA Act, Extended Producer Responsibility (EPR) Regulations 2020 and the International Multi-lateral Environmental Agreements.

As the Designated National Authority to the Rotterdam Convention PCPB also ensures adherence to

- i. the prior informed consent procedure for all Annex III listed pesticides
- ii. Importing country and exporting country information exchange on obsolete, banned and restricted pesticides
- iii. Basel, Rotterdam and Stockholm Conference of Party decisions with regards to molecules of concern.

In the year under review PCPB participated in

- i. Sixteenth meeting of the Chemical Review Committee (CRC.16) that was held online from 8th to 11th September 2020
- ii. Online African BRS COP's regional preparatory meeting that was held in 5-6th May 2021.

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In the Sixteenth meeting of the Chemical Review Committee (CRC.16) no pesticide was subjected to review and therefore there was no follow-up action by PCPB. In the online African BRS COP's regional preparatory meeting PCPB expressed interest to have a Kenya represented in the Rotterdam Conventions Compliance Committee.

**iii. Biodiversity**

In order to safeguard biodiversity, PCPB is committed to safe-guard and protect non-target organisms from effects of pesticides use by

- i. Undertaking Pollinator Risk Assessment of products to be considered for registration
- ii. Prescribing mitigation measures to protect pollinators from pesticide use
- iii. Identifying and addressing policy gaps in protection of non-target organisms from pesticide use. PCPB has participated in Participating in the Kenya National Trialogue for Land Degradation Pollinators and Food security held on 20th April. This national forum seeks to address policy needs with regards to pesticide effects on pollinators among other concerns.

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

PCPB has established a fruit and tree nursery in conjunction with the Ministry of Agriculture. In this FY, PCPB was able to provide over 3,000 grafted Hass Avocado trees and 10,000 Coffee seedlings from the nursery. The trees were collected by Ministry of Agriculture, state department of Crop and Agricultural Research for distribution to needy farmers. The trees are free of charge.

## **10. REPORT OF THE DIRECTORS**

The Board of Directors of the Pest Control Products Board have prepared the accounts which give a true and fair view of the state of affairs of the Pest Control Products Board at the end of 2020-2021 and the operating results of the Pest Control Products Board for the year. The Directors have satisfied themselves that the Pest Control Products Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Pest Control Products Board. The Directors are also responsible for safeguarding the assets of the Pest Control Products Board.

The Directors are of the opinion that the Pest Control Products Board's financial statements give a true and fair view of the state of Pest Control Products Board's transactions during the financial year ended June 30, 2021, and of the Pest Control Products Board's financial position as at that date.

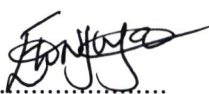
The Directors further confirm the completeness of the accounting records maintained for the Pest Control Products Board, which have been relied upon in the preparation of the Pest Control Products Board's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Pest Control Products Board will not remain a going concern for at least the next twelve months from the date of this statement.

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

By order of the Board

**Name.** Dr. Esther Kimani

**Signature**.....

**Date** ..... 30.6.2022

**Secretary to the Board**

## **11. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

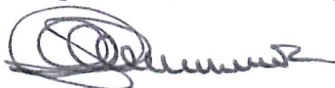
The Directors are responsible for the preparation and presentation of the Pest Control Products Board's financial statements, which give a true and fair view of the state of affairs of the Pest Control Products Board for and as at the end of the financial year (period) ended on June 30, 2021.

This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Pest Control Products Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Pest Control Products Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Pest Control Products Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act.

### **Approval of the financial statements**

The Pest Control Products Board financial statements were approved by the Board on 28th September, 2021 and signed on its behalf by:



**Signature**

**CHAIRPERSON OF THE BOARD**



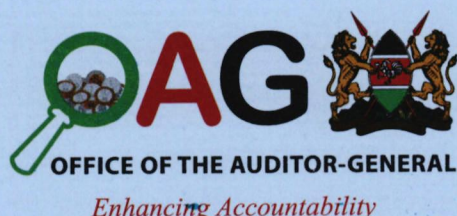
**Signature**

**Dr. Esther Kimani**

**ACCOUNTING OFFICER**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON PEST CONTROL PRODUCTS BOARD FOR THE YEAR ENDED 30 JUNE, 2021

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### PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

#### Opinion

I have audited the accompanying financial statements of the Pest Control Products Board set out on pages 1 to 21, which comprise of the statement of financial position as at

30 June, 2021, 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, the financial statements present fairly, in all material respects, the financial position of the Pest Control Products Board as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Pest Control Products Board Management in accordance with ISSAI 130 on 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 opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, except for 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. Unresolved Prior Year Matter**

In the audit report of the previous year, several paragraphs were raised. However, the Management has not disclosed prior year audit recommendations in the annual reports and how it has resolved them contrary to the provisions of the Public Sector Accounting Standards Board (PSASB) template.

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

## **2. Delayed Completion of Construction of a Laboratory Block**

A contract for the construction of a Proposed Laboratory Block for Pest Control Products Board - Main Works was awarded to a contractor at a contract sum of Kshs.202,909,101 vide a contract agreement signed on 12 April, 2018 between the Board and the firm. Review of the contract documents and the minutes of the Special (76<sup>th</sup>) Finance and Administration Committee meeting held on 23 September, 2021 revealed that the site was handed over to the contractor on 12 April, 2018, the commencement date as 26 April, 2018 and the scheduled completion as 22 April, 2021.

Physical verification of the construction site carried out on 25 March, 2022 revealed that the project was incomplete approximately 11 months after the scheduled completion date. Management did not provide documentary evidence to support approval for extension of completion date.

In the circumstances, stakeholder's may not obtain value for the resources already spent on this project.

## **3. Staff on Acting Appointment for More Than Six Months**

Review of employee records revealed that the Board had eight (8) employees in acting positions for over six (6) months from 01 May, 2020. Although, Management has explained that this was due to the decision by the Salaries and Remuneration Commission (SRC) to freeze employment, this is contrary to section C(14)(1) of the Human Resource Policies and Procedures Manual for the Public Service of May, 2016 which states that acting allowance will not be payable to an officer for more than six (6) months on.

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

## **4. Payment of Avoidable Fines and Penalties**

As disclosed in Note 9 to the financial statements, the statement of financial performance reflects general expenses totalling Kshs.32,811,375 which includes an amount of Kshs.1,091,279 relating to Kenya Revenue Authority (KRA) fines and penalties. Examination of related records indicated that the fines and penalties arose due to wrong declarations of Pay As You Earn (PAYE) returns in the years 2015/2016, delayed self-assessments for the months of June, 2017, January, 2018 and August, 2018 and late remittance of withheld taxes.

In the circumstances, the expenditure on fines and penalties was not proper charge to Public funds.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and The 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 control 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Pest Board's ability's to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board or 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 are in compliance 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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


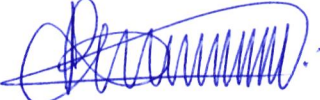

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**31 August, 2022**

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**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	notes	2020/2021 (Shs.)	2019/2020 (Shs.)
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	5	90,000,000	89,550,000
License and Permits	6	105,979,706	83,669,867
<b>Revenue from exchange transactions</b>			
Rental Income	7	6,082,455	9,520,807
Other Receipts/income	8	668,482	2,059,210
<b>Total Revenue</b>		<b>202,730,643</b>	<b>184,799,884</b>
<b>Expenses</b>			
General expenses	9	32,811,375	34,383,148
Staff Costs	10	134,050,703	126,086,870
Repairs & Maintenance	11	3,082,646	2,534,329
Contracted professional services	12	2,848,454	2,860,888
Corporate Social Responsibility Grants and subsidies	13	206,153	-
Remuneration of directors	14	5,046,774	4,785,758
Depreciation & Amortization	15	9,610,816	9,610,816
<b>Total expenses</b>		<b>187,656,921</b>	<b>180,261,809</b>
<b>Net Surplus for the year</b>		<b>15,073,722</b>	<b>4,538,075</b>
 Accounting Officer Dr. Esther Kimani Date; 28 June 2022	 Head of Finance CPA. Bernard M Mang'ara ICPAK Member Number: 12615 Date; 28 June 2022	 Chairman of the Board Date; 28 June 2022	

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**14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	notes	2020/2021 (Shs.)	2019/2020 (Shs.)
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	16	2,452,865	2,175,402
Receivable from exchange transactions	17	6,397,546	11,360,252
<b>Total Current Assets</b>		<b>8,850,411</b>	<b>13,535,654</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	513,073,868	474,307,477
<b>Total Non - Current Assets</b>		<b>513,073,868</b>	<b>474,307,477</b>
<b>Total Assets</b>		<b>521,924,279</b>	<b>487,843,131</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other payables from exchange transactions	19	17,324,303	23,491,540
Provisions	20	1,178,501	2,325,274
<b>Total Current Liabilities</b>		<b>18,502,804</b>	<b>25,816,814</b>
<b>Non-Current Liabilities</b>			
<b>Net Assets</b>			
Capital Reserves	21	67,354,425	67,354,425
Accumulated Surplus	22	377,915,257	362,841,535
Capita/Development Grants/Fund	23	46,321,436	20,000,000
Revaluation Surplus	24	11,830,357	11,830,357
		<b>503,421,475</b>	<b>462,026,317</b>
<b>Total Net Assets and Liabilities</b>		<b>521,924,279</b>	<b>487,843,131</b>



Accounting Officer  
 Dr. Esther Kimani

Date; 28 June 2022



Head of Finance  
 CPA. Bernard M Mang'ara  
 ICPAK Member Number: 12615

Date; 28 June 2022



Chairman of the Board

Date; 28 June 2022

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**15 STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Capital Reserves notes (Shs.)	Fair value adjustment reserve (Shs.)	Retained earnings (Shs.)	Capita/Development Grants/Fund (Shs.)	Total (Shs.)
<b>Balance as at 1 July 2019</b>					
As previously Stated	67,354,425	11,830,357	358,303,460	10,000,000	447,488,242
Prior Year Adjustments	-	-	-	-	-
As Restated	67,354,425	11,830,357	358,303,460	10,000,000	447,488,242
Net surplus/(deficit) for the year (Restated)	-	-	4,538,075		4,538,075
Development Grant	-	-	-	10,000,000	
<b>At 30 June 2020</b>	<b>67,354,425</b>	<b>11,830,357</b>	<b>362,841,535</b>	<b>20,000,000</b>	<b>462,026,317</b>
At 1 July 2020	67,354,425	11,830,357	362,841,535	20,000,000	462,026,317
Net surplus/(deficit) for the year	-	-	15,073,722	-	15,073,722
Development Grant	-	-	-	26,321,436	26,321,436
At 30 June 2021	67,354,425	11,830,357	377,915,257	46,321,436	503,421,475
Transfer	-	-	-	-	-
<b>At 30 June 2021</b>	<b>67,354,425</b>	<b>11,830,357</b>	<b>377,915,257</b>	<b>46,321,436</b>	<b>503,421,475</b>

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**16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		<b>2020/2021</b>	<b>2019/2020</b>
	<b>Notes</b>	<b>(Shs)</b>	<b>(Shs)</b>
<b>Cash Flows from Operating Activities</b>			
<b>Surplus for the year</b>		<b>15,073,722.00</b>	<b>4,538,075.00</b>
<b>Adjusted For:</b>			
Depreciation and Amortization	15	9,610,816.00	9,610,816.00
Increase/(Decrease) in Retirement Benefit Obligations/ Provisions	20	(1,146,773.00)	(13,910,018.00)
<b>Working capital adjustment:</b>			
(Increase)/Decrease in Trade and other Receivables	17	4,962,706.00	(1,113,195.00)
Increase/(Decrease) in Trade and other Payables	19	(6,167,237.00)	16,688,475.00
<b>Net Cash flows from Operating Activities</b>		<b>22,333,234.00</b>	<b>15,814,153.00</b>
<b>Cash flows from Investing Activities</b>			
Purchase of Property, Plant and Equipment	18	(48,377,208.00)	(46,745,037.00)
Proceeds from Disposal of Property, Plant and Equipment		-	
<b>Net Cash flows generated from (used in) Investing Activities</b>		<b>(48,377,208.00)</b>	<b>(46,745,037.00)</b>
<b>Cash flows from Financing Activities</b>			
Other Capital Grants	5	26,321,436.00	10,000,000.00
<b>Net Cash flows generated from (used in) Financing Activities</b>		<b>26,321,436.00</b>	<b>10,000,000.00</b>
<b>Increase(Decrease) in Cash &amp; Cash Equivalents</b>		<b>277,462.00</b>	<b>(20,930,884.00)</b>
<b>Cash and Cash Equivalent at Beginning of the Year</b>		<b>2,175,402.00</b>	23,106,286.00
<b>Cash and Cash Equivalent at End of the Year</b>		<b>2,452,864.00</b>	<b>2,175,402.00</b>

The Financial Statements set out on pages 1 to 20 were signed on behalf of the Board of Directors by:



Accounting Officer  
 Dr. Esther Kimani

Date; 28 June 2022



Head of Finance  
 CPA. Bernard M Mang'ara  
 ICPAK Member Number: 12615

Date; 28 June 2022



Chairman of the Board

Date; 28 June 2022

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**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original Budget 2020-2021 A	Adjustments B	Final Budget 2020-2021 C=(A+B)	Actual comparable basis 2020-2021 D	Performance Difference 2020-2021 E= (C-D)	% Utilization F=(D/C)
<b>Revenue</b>						
Transfer from other government entities	140,000,000	(23,678,564)	116,321,436	116,321,436	-	100%
License and Permits	132,000,000		132,000,000	105,979,706	26,020,294	80%
Rental Income/HU	7,000,000		7,000,000	6,082,455	917,545	87%
Miscellaneous Receipts	4,620,000		4,620,000	668,482	3,951,518	14%
<b>Total Income</b>	<b>283,620,000</b>	<b>(23,678,564)</b>	<b>259,941,436</b>	<b>229,052,079</b>	<b>30,889,357</b>	<b>88%</b>
<b>Expenses</b>						
Use of goods and services	44,925,000		44,925,000	32,811,375	12,113,625	73%
Personnel Emoluments	137,421,000		137,421,000	134,050,703	3,370,297	98%
Board Expenses	6,389,000		6,389,000	5,046,774	1,342,184	79%
Depreciation and amortization	15,123,000		15,123,000	9,610,816	5,512,184	64%
Repairs and Maintenance	3,175,000	-	3,175,000	3,082,646	92,354	97%
Contracted Professional service	3,000,000		3,000,000	2,848,454	151,546	95%
Corporate Social Responsibility	550,000		550,000	206,153	343,847	37%
<b>Total Recurrent</b>	<b>210,583,000</b>	<b>-</b>	<b>210,583,000</b>	<b>187,656,921</b>	<b>22,926,079</b>	<b>89%</b>
<b>Capital Expenditure</b>	<b>60,000,000</b>	<b>(23,678,564)</b>	<b>36,321,436</b>	<b>48,377,208</b>	<b>(12,055,772)</b>	<b>(133%)</b>

1. PCPB did not receive the full revenue that was expected and this affected the overall absorption which stood at 89% for recurrent expenditure. Capital expenditure was exceeded by 133% as a result of reduction in Government development grant. The PCPB Regulations were expected to be changed to review the current fees but there was a challenge in the process that hampered the progress to completion.
2. The change between the original budget and the final budget was due to change in government development grants reduction from Kshs 60million to Kshs 26.3million during supplementary one allocation. Capital expenditure and the depreciation that are closely related were affected by the Grant reduction and revenue deficits.
3. All the totals in actual comparable basis and the budget figures are tying.

**1. General Information**

The Pest Control Products Board is a statutory organization of the Kenya Government established in 1985 under Cap 346 laws of Kenya. The formation of the Board was in recognition that pesticides are key to agricultural production and can be harmful to human, animals and the environment. The Board is mandated to oversee all matters related to pesticides, including but not limited to regulation of the importation and exportation, manufacture, distribution, sale and use of pest control products while mitigating their harmful effects to human health, animal health and the environment. The Board undertakes its functions through a Board of management and two technical departments. The Board also collaborates with both local and international stakeholders.

**2. Statement of Compliance and Basis of Preparation**

The Pest Control Products Board (PCPB) financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSSAS) as follows;

- The financial statements are presented in Kenya shillings (Kshs), which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Kshs 000).
- The accounting policies have been consistently applied to all the years presented.
- The financial statements have been prepared on the basis of historical cost, unless stated otherwise.
- The cash flow statement has been prepared using the direct method.
- The financial statements are prepared on accrual basis.

- The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSSAS).

**3. Adoption of New and Revised Standards**

The directors have not applied any of the new and revised standards in issue but not yet effective and we do not foresee any significant impact in the preparation of the financial statements during the year. Pest Control Products Board did not adopt any new standards in the preparation of financial statements for the year ended 30 June 2021.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

i) Revenue from non-exchange transactions – IPSSAS 23 Fees.

Pest Control Products Board (PCPB) recognizes revenues from fees, 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

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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 entity and the fair value of the asset can be measured reliably.

***b) Transfers from other government entities***

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

***c) Budget information – IPSAS 24***

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

***d) Taxes – IPSAS 12***

***Corporate Tax***

Pest Control Products Board is fully funded by exchequer and is not a body Corporate but a semi-autonomous Government agency and therefore not responsible for payment of corporate tax.

***e) Property, plant and equipment – IPSAS 17***

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, PCPB 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. Depreciation is charged so as to write off the cost of valuation of property, plant and equipment to their residual values over their expected useful lives using the straight line method at the following rates: Equipment 12.5% (8years), Furniture 12.5% (8 years), Motor Vehicles 25% (4 years), Computer Equipment 33.3% (3 years), Lab equipment 12.5% (8 years).

***f) Research and development costs***

PCPB expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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

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.

***g) Financial instruments – IPSAS 29***

**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. PCPB has receivables held by other entities in form of deposits. Also when there is an amount of cash that is not put into immediate use, PCPB invests such money in treasury bills which it holds to maturity or rediscount them as the case maybe.

**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. PCPB recognizes all financial liabilities initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***h) Provisions – IPSAS 19***

PCPB recognizes provisions when it 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 PCPB 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.

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The expense relating to any provision is presented in the statement of financial performance net of any reimbursements.

PCPB makes 0.2% general provision of total debtors. For Financial 2018/2019, PCPB made a specific provision of Kshs 79,160 being the outstanding amount of dishonored cheques which are more than eight years old.

***i) Nature and purpose of reserves***

PCPB have created and maintains a Capital reserve, Revaluation Reserve and Accumulated Surplus/Retained earnings reserves. These reserves are exclusively used in acquiring fixed assets for the organization.

***j) Employee benefits – IPSAS 25***

**Retirement benefit plans**

PCPB provides retirement benefits for its employees. The institution has established a defined contribution plan which post-employment benefit plans under which an PCPB pays fixed contributions into a separate entity 15% of the basic salary of every employee (a fund), the contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

***k) Related parties – IPSAS 20***

PCPB regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. The central government is regarded as a related party in this case.

***l) Cash and cash equivalents***

In the case of PCPB, 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 imprest and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year. The cash and cash equivalent at the end of the year are as indicated in note number 9.

***m) Comparative figures***

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

***n) Subsequent events – IPSAS 14***

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, 2021.

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***o) Significant judgments and sources of estimation uncertainty – IPSAS 1***

The preparation of PCPB'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.

***The assumptions made while preparing the financial statements include;***

That the National Treasury shall continue funding the activities of PCPB in the foreseeable future. That there shall be no change in Law or policy that will significantly affect the operations/existence of PCPB

***Useful lives and residual values***

The useful lives and residual values of assets have been assessed using Open Market value methodology

***p) Provisions***

Provisions have been made for gratuity at 31% of basic salary as provided in governments regulations.

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**5. Transfers from Ministries, Departments and Agencies**

Name of the entity sending the grant	Amount recognized to the statement of comprehensive income kshs	Amount deferred under deferred income kshs	Amount recognized in capital fund kshs.	Total grants income during the year kshs.	2019/ 2020
State Department of Agriculture	90,000,000	-	26,321,436	116,321,436	99,550,000
<b>Total</b>	<b>90,000,000</b>	<b>-</b>	<b>26,321,436</b>	<b>116,321,436</b>	<b>99,550,000</b>

**6. Licence Income**

	2020-2021	2019-2020
	Shs	Shs
<b>Total licence fee</b>	<b>105,979,706</b>	<b>83,669,867</b>

**7. Rental Revenue from facilities and equipment**

Description	2020-2021	2019-2020
	shs.000	
Straight-lined operating lease receipts	6,082,455	9,520,807
<b>Total rentals</b>	<b>6,082,455</b>	<b>9,520,807</b>

**8. Other Receipts/Incomes**

	2020 - 2021	2019-2020
	Shs 000	Shs 000
Other receipts (Interest on Investments+ Miscellaneous incomes)	668,482	2,059,210
<b>Total revenue from non-exchange transactions</b>	<b>668,482</b>	<b>2,059,210</b>
<b>Other receipts for cash flow purpose</b>		

**9. General expenses**

	2020 - 2021	2019-2020
	Shs	Shs

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Advertising and Publicity	123,526	215,100
Audit fees	348,000	348,000
Bank Charges	178,860	161,440
Computer Expenses	290,890	134,750
Exhibitions and Shows	32,000	368,154
External Travelling	385,969	1,609,908
Electricity and Water	954,850	955,602
Insurance	740,148	729,415
Library Expenses	174,057	216,167
Miscellaneous & Consumables Stores	2,038,678	1,973,211
Laboratory Consumables	198,435	225,913
Official Entertainment	223,407	153,411
Postal and Telegram	1,424,625	1,120,562
Printing & Publication	363,212	128,787
Purchase of Fungicides	70,795	118,064
Purchase of Stationary	660,707	1,073,194
Rent & Rates	4,153,706	4,307,746
Telephone Expenses	87,510	93,763
Training Expenses	556,912	421,480
Transport Operating Expenses	2,344,159	2,908,610
Traveling & Accommodation	16,369,649	17,118,467
Fines and Penalties (KRA)	1,091,279	
Provision for doubtful debts	-	1,404
	<b>32,811,375</b>	<b>34,383,148</b>

**10. Employee/Staff costs**

	<b>2020 - 2021</b>	<b>2019-2020</b>
	<b>Shs</b>	<b>Shs</b>
Basic Salary and Wages	67,434,911	63,958,232
MD's Gratuity	830,501	
Commuter allowance	6,396,000	6,492,000

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Company NSSF Contribution	13,730,685	12,131,857
House allowance	25,570,067	26,004,000
Medical Expenses Cover	12,338,146	11,116,750
Other Personal allowances	3,570,327	2,017,865
Passage and Leave allowances	720,667	802,667
Telephone Allowance	3,459,400	3,563,500
<b>Total employee costs</b>	<b>134,050,703</b>	<b>126,086,871</b>

**11. Repairs and maintenance**

	<b>2020 - 2021</b>	<b>2019-2020</b>
	<b>Shs</b>	<b>Shs</b>
Property	1,188,692	446,443
Equipment	720,155	735,737
Vehicles	1,173,799	1,352,149
<b>Total repairs and maintenance</b>	<b>3,082,646</b>	<b>2,534,329</b>

**12. Contracted services**

	<b>2020 - 2021</b>	<b>2019-2020</b>
	<b>Shs</b>	<b>Shs</b>
Others	2,848,454	2,860,888
<b>Total contracted services</b>	<b>2,848,454</b>	<b>2,860,888</b>

**13. Grants and subsidies**

	<b>2020 - 2021</b>	<b>2019-2020</b>
	<b>Shs</b>	<b>Shs</b>
Social development	206,153	-
<b>Total grants and subsidies</b>	<b>206,153</b>	<b>-</b>

**14. Board Expenses**

	<b>5,046,774</b>	<b>4,785,758</b>
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**15. Depreciation and amortization expense**

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	<b>2020 - 2021</b>	<b>2019-2020</b>
	<b>Shs</b>	<b>Shs</b>
Property, plant and equipment	9,610,816	9,610,004
<b>Total depreciation and amortization</b>	<b>9,610,816</b>	<b>9,610,004</b>

**16. Cash and cash equivalents**

	<b>2020 - 2021</b>	<b>2019-2020</b>
	<b>Shs</b>	<b>Shs</b>
Bank		
731026785 BBK	54,744	2,028,319
1106876067 KCB	2,004,065	60,248
1106877357 KCB	394,055	86,835
<b>Total cash and cash equivalents</b>	<b>2,452,865</b>	<b>2,175,402</b>

**17. Receivables from exchange transactions**

	<b>2020 - 2021</b>	<b>2019-2020</b>
	<b>Shs</b>	<b>Shs</b>
<b>Current receivables</b>		
Medical Insurance	4,469,377	5,220,267
City Council of Nairobi	215,188	212,240
PS Ministry lands and Housing	150,025	147,970
Other exchange debtors	1,562,957	5,779,775
<b>Total receivables</b>	<b>6,397,546</b>	<b>11,360,252</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**18. Property, Plant and Equipment**

	Land	Construction Work in progress	Buildings	Computer Equipment	Office Equipment	Office Furniture	Motor Vehicle	Lab Equipment	Total
Depreciation Rate	0%	0%	2%	33.3%	12.5%	12.5%	25%	12.5%	
<b>Cost or valuation</b>									
<b>As at 1 July 2019</b>	35,000,00 0	85,253,611	349,058,705	3,658,883	11,304,227	7,904,916	31,000,000	1,821,500	525,001,84 2
Additions	-	46,738,542	-	-	6,495	-	-	-	46,745,037
Disposal Transfers/ Adjustment	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2020</b>	35,000,00 0	131,992,153	349,058,705	3,658,883	11,310,722	7,904,916	31,000,000	1,821,500	571,746,87 9
Additions	-	48,377,208	-	-	-	-	-	-	48,377,208
Disposal Transfers /Adjustment	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2021</b>	35,000,00	180,369,361	349,058,705	3,658,883	11,310,722	7,904,916	31,000,000	1,821,500	620,124,08

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<b>Depreciation and Impairment</b>									
<b>Balance as at</b>									
<b>1 July 2019</b>	-	41,562,404	3,658,883	6,721,688	3,747,983	31,000,000	1,138,440		87,829,397
<b>Charge for the</b>									
<b>Year</b>	-	6,981,174	-	1,413,840	988,115	-	227,688		9,610,816
<b>As at 30 June</b>									
<b>2020</b>	-	48,543,578	3,658,883	8,134,717	4,736,097	31,000,000	1,366,127		97,439,402
<b>Depreciation</b>	-	6,981,174	-	1,413,840	988,115	-	227,688		9,610,816
<b>Disposal</b>	-	-	-	-	-	-	-		-
<b>Transfer/</b>	-	-	-	-	-	-	-		-
<b>Adjustments</b>	-	-	-	-	-	-	-		-
<b>At 30 June</b>									
<b>2021</b>	-	55,524,752	3,658,883	9,548,557	5,724,212	31,000,000	1,593,815		107,050,219
<b>Net Book</b>									
<b>Values</b>									
<b>Valuation at 30</b>	35,000,00								513,073,86
<b>June 2021</b>	0	180,369,361	293,533,953	-	1,762,165	2,180,705	-	227,686	8
<b>Valuation at 30</b>	35,000,00								474,307,47
<b>June 2020</b>	0	131,992,153	300,515,127	-	3,176,005	3,168,819	-	455,373	7

The work in progress is a construction of a laboratory block at PCPB head office which is 90% complete.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	35,000,000	-	35,000,000
Construction work in progress	180,369,361		180,369,361
Buildings	349,058,705	55,524,752	293,533,953
Computers and related equipment	3,658,883	3,658,883	-
Office equipment	11,310,722	9,548,557	1,762,165
Office furniture, and fittings	7,904,916	5,724,212	2,180,705
Motor vehicles, including motorcycles	31,000,000	31,000,000	-
Lab equipment	1,821,500	1,821,500	227,686
	<b>620,124,087</b>	<b>107,050,219</b>	<b>513,073,868</b>

Property plant and Equipment includes the following assets that are fully depreciated:

	<b>Cost or valuation</b>	<b>Normal Annual Depreciation Charge</b>
Computers and related equipment	3,658,883	3,658,883
Motor vehicles, including motorcycles	31,000,000	31,000,000
<b>Total</b>	<b>34,658,883</b>	<b>34,658,883</b>

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		19. Trade and other payables from exchange transactions	
		2020 - 2021	2019-2020
	Shs	Shs	
PAYE	2,039,103	6,056,927	
Department of housing	-	45,033	
Retention NK Brothers	11,263,844	7,875,129	
Prime Rigs & Drillers	117,430	117,430	
ODD MAC Engineers	624,352	-	
Vanguard Engineering ltd	1,195,178	-	
Commissioner Domestic Taxes	132,652	-	
Commissioner of VAT	834,125	-	
Rental income paid in advance	211,079	-	
Tofanda security- 898	-	158,480	
Total Kenya pv- 900	-	153,748	
Vision Science pv – 901	-	78,960	
VAT pv 907,905,909 & 885	-	587,584	
Pyrethrum Processing company pv 872	-	600,000	
Rent Deposit. Horticultural Council	210,540	210,540	
Audit fees	696,000	348,000	
Payroll Deductions	-	7,259,709	

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	17,324,303	23,491,540
<b>Sub Total</b>		
<b>20. Provisions</b>		
	<b>2020 - 2021</b>	<b>2019-2020</b>
	<b>Shs</b>	<b>Shs</b>
KENAO (Audit Provision for Audit fees)	348,000	348,000
Provision for Salary Review	830,501	1,977,274
Specific Provision(Dishonoured cheques)	-	-
Increase in provision for doubtful debts	-	-
<b>Total</b>	<b>1,178,501</b>	<b>2,325,274</b>
	<b>2020 - 2021</b>	<b>2019-2020</b>
	<b>Shs</b>	<b>Shs</b>
<b>21. Capital reserves</b>	67,354,425	67,354,425
	377,915,257	362,841,535
<b>22. Accumulated surplus</b>	46,321,436	20,000,000
<b>23. Capital/Development Grants/Fund</b>		

Capital reserve relates to a capital item (Lease hold land less valuation cost) provided by the Government of Kenya the solo shareholder of the entity. In addition there has been transfers from retained earnings.

This is the retained net earnings that has accumulated over the financial years

This is the Development funds availed by the Government for the construction of the residual laboratory.

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24. Revaluation surplus	This is valuation equity account that is adjusted upwards, caused by an upward valuation of capital assets and a resultant increase in the carrying value of such assets.	11,830,357	11,830,357
<b>25. Related Party Disclosures</b>			
	<b>(a) The entity is related to:</b>		
	i) The National government		
	ii) The Parent Ministry		
	iii) Key management		
	iv) Board of directors		
	<b>(b) Related party transactions</b>	2020 - 2021	2019-2020
		KShs	KShs
	i) The Parent Ministry	116,321,436	99,550,000
	iii) Key management	13,860,210	13,860,210
	iv) Board of directors	5,046,774	4,785,758
		135,228,420	118,195,968

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26. Financial risk management				
(ii) Liquidity risk management				
	Less than 1 month	Between 1-3 months	Over 5months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>				
Trade Payables	15,167,770	-	117,430	15,285,200
Provisions	1,178,501	-	-	1,178,501
<b>Total</b>	<b>16,346,271</b>	<b>-</b>	<b>117,430</b>	<b>16,463,701</b>
<b>At 30 June 2020</b>				
Trade Payables	10,012,441	-	117,430	10,129,871
Provisions	2,325,274	-	-	2,325,274
<b>Total</b>	<b>12,337,715</b>	<b>-</b>	<b>117,430</b>	<b>12,455,145</b>

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**I. APPENDIX I: INTER-ENTITY TRANSFERS**

<b>Pest Control Products Board</b>			
<b>Break down of Transfers from the State Department of Crops and Agricultural resource</b>			
<b>FY 2020/2021</b>			
<b>a. Recurrent Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Indicate the FY to which the amounts relate</b>
July 2020	20/8/2020	7,500,000.00	2020/2021
August 2020	10/9/2020	7,500,000.00	2020/2021
September 2020	5/10/2020	7,500,000.00	2020/2021
October 2020	12/11/2020	7,500,000.00	2020/2021
November 2020	12/11/2020	7,500,000.00	2020/2021
December 2020	12/11/2020	7,500,000.00	2020/2021
January 2021	10/02/2021	7,500,000.00	2020/2021
February 2021	10/02/2021	7,500,000.00	2020/2021
March 2021	10/02/2021	7,500,000.00	2020/2021
April 2021	17/5/2021	7,500,000.00	2020/2021
May 2021	17/5/2021	7,500,000.00	2020/2021
June 2021	17/5/2021	7,500,000.00	2020/2021
<b>Total</b>		<b>90,000,000.00</b>	
<b>b. Development Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Indicate the FY to which the amounts relate</b>
<b>Batch 1</b>	19/10/2020	26,321,436.00	2020/2021
<b>Total</b>		<b>26,321,436.00</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

Head, Finance & Accounts

Pest Control Products Board



Date 28/06/2022

Sign