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KENYA NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF PEST CONTROL PRODUCTS BOARD FOR THE YEAR ENDED 30 JUNE 2006

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PEST CONTROL PRODUCTS BOARD

Annual Report and Financial Statements for Year ended 30 June 2006



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PEST CONTROL PRODUCTS BOARD FOR THE YEAR ENDED 30 JUNE 2006

I have audited the financial statements of Pest Control Products Board for the year ended 30 June 2006 in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Board and the Controller and Auditor General

The Board is responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Board and of its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Board, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Intangible Assets

As previously reported the financial statements reflect intangible assets balance of Kshs.8,000,000 being residual balance of an irregular payment of Kshs.16 million made in August 1996 to consultants to design the proposed Board Headquarters project that was later abandoned. Although the Board has reported the matter to both the Parent Ministry and to the Criminal Investigations Department, no evidence was seen to show that any effective action has been taken to recover the irregular payment of Kshs.16 million.

Opinion

Except for the foregoing reservation, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the Board as at 30 June 2006 and of its surplus and cash flows for the year then ended and comply with the Pest Control Products Board Act, (Cap 346).



P.N. KOMORA
CONTROLLER AND AUDITOR GENERAL

Nairobi

21 February 2007

Pest Control Products Board

CONTENTS

Chairman's Report	2-3
Vision	4
Mission	4
Nature of Business	4
Mandate	4
Auditors	4
Bankers	5
Registered Office	5
Board Members	5-6
Board Committees	6-8
Management Team	8
Statement of Board Members Responsibilities	9
Income statement	10
Balance sheet	11
Statement of Changes in equity	12
Cash Flow Statement	13
Notes to Financial Statements	14-18

Pest Control Products Board

Chairman's Report

I am delighted to give a report for another successful year for Pest Control Products. On its establishment in 1984, the Board took up the important role of regulating pest control products traded within Kenya. The Board has endeavored to fulfill this mandate amidst increasing challenges such as a dynamic pesticide industry, increased consumer demands like food standards for various produce offered into the market locally and internationally and the need by unscrupulous dealers to enrich themselves quickly.

During the financial year 2005/2006, the Board was guided by its mission and ultimate goal to become a leader nationally and in the region in regulating pest control products through the provision of an efficient and effective regulatory service to our clients. In the strategic plan formulated in 2004, the Board stated its core objectives and defined various activities that form a road map of achieving the objectives. The core objectives remained the focus throughout the year with the Board ensuring the meager resources at its disposal were prudently utilized to support the activities planned for. Some of the activities carried out included registration of pest control products, vetting the labels for pest control products, inspection and licensing of premises, investigations and prosecution, issuance of import/export permits, raising awareness about the Board and its functions and collaboration with other institutions that offered necessary analytical and testing facilities. All the named activities were achieved with a level of success.

Despite the success the Board faced numerous challenges. Key among them the inability to raise adequate revenue to financially support planned activities, particularly inspection and monitoring and assessment of the role of pesticides and their impact on agriculture and the environment. Other challenges included:

Pest Control Products Board

limited routine analytical capacity that hindered systematic post registration surveillance, limited storage space for illegal pesticides that are seized by inspectors while prosecutions are taking place and inadequate staff capacity to effectively carry out the Boards functions and mandate.

On behalf of the Board Members and staff I wish to reaffirm our commitment to offer an efficient and effective regulatory service. We will endeavour to strengthen our partnerships with the stakeholders all the more for better delivery of our services in future

Signed



Prof. A.N. Guantai (Mrs.)

Pest Control Products Board

Vision

The vision of the PCPB is to be the leading regulatory agency for pest control products in the region.

Mission

The mission of PCPB is to provide an efficient and effective regulatory service for importation, exportation, manufacture, distribution, transportation, sale, disposal and safe use of pest control products and mitigate potential harmful effects to the environment.

Nature of Business

The Pest Control Products Board is a statutory organization of Kenya Government established under the Pest Control Products Act Cap. 346 of the laws of Kenya. This is an Act of parliament that regulates the importation, exportation, manufacture, distribution, sale and use of pest control products. It became operational in 1984.

Mandate

The mandate of the Pest Control Products Board as prescribed in the Pest Control Products Act and also in line with its vision and mission statement includes the following activities:

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

Registration and Inspection Departments are the technical arms of the Board. The Registration and Analysis Department undertakes registration and related activities while Inspection, Licensing and Training Department is responsible for licensing, training and enforcement of the Provisions of the Pest Control Products Act.

Auditors

Controller and Auditor General
Kenya National Audit Office (KENAO)
Po Box 30084-00100
Nairobi

Pest Control Products Board

Bankers

Kenya Commercial Bank Limited
Sarit Centre
PO Box 14959-00800
Nairobi.

Barclays Bank of Kenya Limited
Westlands
Po Box 14403-00300
Nairobi

Registered Office

- Head Office
Pest Control Products Board
Waiyaki Way (Within KARI-NARL)
Po Box 13794 Nairobi-00800
Tel +254-020-4446115/4450242
Fax +254-020-4449072
Email: pcpboard@todays.co.ke
Www. pcpb.or.ke
- Coast Regional Office
Pest Control Products Board
Mtwapa (Within KARI-Mtwapa)
Po Box 10636 Bamburi 80101
Tel +254-041-5487077
Fax +254-041-5485794
Email: pcpb@wananchi.com

Board Members

	GAZETTE NOTICE	NAME	ORGANIZATION	DEPARTMENT
1.	No.6167 of 12/8/05	Prof. A.N. Guantai	University of Nairobi	Faculty of Pharmacy
2.	No.5514 of 22/7/05	Mrs Mary Wabule	KARI	Rep. Director KARI
3.	“	Gilbert N. Kibata	Member	
4.	“	Vincent Githinji Ngari	MoL&FD	Rep. Director
5.	“	Dr. Fredrick Romania	MoL&FD	Rep. Director

Pest Control Products Board

6.	“	Joyce Ogundo	Min. of Trade & Industry	Rep. P/S
7.	“	Ms Anne Mbugua	Min. of Env. & Natural Resources	Rep. P/S
8.	“	Dr. Beth Rapuoda	MOH	Rep. P/S
9.	“	Jane Okado	Govn't Chemist	Government Chemist
10.	“	Charles Gachahi	KBS	Rep. Director
11.	“	Dr. Gilbert M. Kairu	CRF	Rep. Director
12.	“	Geoffrey Ndambuki	Livestock Farmer	
13.	“	Joseph Ngetich	MOA	Rep. P/S
14.	No.9060 of 19/11/04	Justus Marete Kabwima	Crop Farmer	
15.	Co-opted 83 rd Board of 8/11/05	Dr. Robert M. Injairu		
16.	Co-opted 83 rd Board of 8/11/05	Gitau N. Macharia	AAK	Chairman
17	-	Inspector General	State Corporations	

Board Committees

1) Technical and Registration Committee

- | | | |
|-------------------------|-------------------|----------|
| i) Dr. Gilbert Kairu | – Rep. CRF | - Chair |
| ii) Dr. Beth Rapuoda | – Rep. MOH – DoMC | - Member |
| iii) Mr. Joseph Ngetich | – Rep. PS/MOA | - Member |
| iv) Dr. F.G. Rinkanya | – Rep. DVS | - Member |
| v) Charles Gachahi | – Rep. KEBS | - Member |

Terms of reference

- To maintain a register of all pest control products being used in Kenya
- To maintain a register of all testing organizations
- To maintain a register of all licences of premises
- To maintain a register of all licences for import/export of pesticides
- 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
- To index all pesticides
- Design model labels in accordance with the Act and Regulations
- To establish a data storage system on all pesticides

Pest Control Products Board

2) Finance and Administration Committee

i) Joseph Ngetich	P/S Agriculture Nominee	Chair
ii) Gitau Macharia	Rep. AAK	Member
iii) Joyce Ogundo	Rep. Min Trade & Industry	Member
iv) Justus Kabwima	Rep. Farmers	Member

Terms of Reference

- Deal with all financial and administration matters
- Disburse payments
- Maintain fully audited account record
- Give service to clients effectively i.e. correspondence, requests etc.

3) Audit Committee

i) Mary Wabule	Rep. Director KARI	Chair
ii) Geoffrey Ndambuki	Rep. Livestock Farmers	Member
iii) Beth Rapuoda	Rep. Min Health	Member
iv) Vincent Ngari	Rep. Dir Veterinary Production	Member
v) Joseph Ngetich	Rep. PS/MOA	Member

Terms of Reference

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

4) Tender Committee

i) Joseph Ngetich	- Rep. PS/MOA
ii) One farmer member	

5) Strategic Planning Committee

i) Mary Wabule	Rep. Director, KARI
ii) Geoffrey Ndambuki	Rep. Livestock Farmers'
iii) Gitau Macharia	Rep. AAK
iv) Robert Injairu	Co-opted
v) Gilbert Kairu	Rep. Director, CRF

Terms of Reference

- To review the current strategic plan and come up with 3-year action plans that will inject efficiency in the Board
- To identify failures in the current action plans and find solutions to these areas
- To identify what has been achieved in the current strategic plan and come up with new time frames to achieve the targets
- To enrich the current strategic plan and suggest actions required.

Pest Control Products Board

- To identify areas in the action plans that requires lobbying for support especially from the members of parliament, permanent secretary and other stakeholders.
- To review SWOT analysis in total in the current strategic plan especially on the issue of collaborating institutions in order to exploit opportunities.
- To ensure action plans are on course and set goals achieved on time.

6) Legal Advisory Committee

i) Prof. A.N. Guantai	Chairperson
ii) Gitau Macharia	Rep. AAK
iii) Mary Wabule	Rep. Director, KARI
iv) Charles Gachahi	Rep. Director, KEBS
v) E. Kaka	Rep. AG Chambers

Management Team

Mr. Samuel P. Gachanja	- Chief Executive Officer/Secretary
Mr. Stanley M. Miyogo	- Head, Inspection and Licensing Department
Mr. Peter Opiyo	- Head, Registration and Analysis Department
Mr. Peter M. Kimwelle	- Head, Coast Regional Office
Mrs. Callen N. Okara	- Head, Human Resource and Administration
Mr. Paul K. Kimani	- Head, Accounting/Finance

Pest Control Products Board


Statement of Board Members Responsibilities


The Public Audit Act, 2003 requires the Board Members to prepare financial statements for each year which give a true and fair view of the state of affairs of the Board as at the end of the financial year and of its profit and loss for the year. It requires the Board Members to ensure that the Board keeps proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the Board. They are also responsible for safeguarding the assets of the Board.

The Board Members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Public Audit Act, 2003.

The Board Members are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Board and of its operating results. The Board Members further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board Members to indicate that the Board will not remain a going concern for at least the next twelve months from the data of this statement.


Prof. Anastasia N. Guantai
Chairman


Samuel P. Gachanja
Secretary/Chief Executive
23-02-2007

Pest Control Products Board

Income Statement

for the year ended 30th June 2006

	Note	2005/2006 (Shs.)	2004/2005 (Shs.)
Revenue			
Income from Core Activities	2	33,545,098.00	33,967,611.00
Government Grant		2,083,296.00	2,450,936.00
Other Receipts	3	2,028,597.00	1,088,666.00
Total Revenue		37,656,991.00	37,507,213.00
Expenditure			
Staff costs	4	18,988,694.00	14,628,020.00
Administration Costs	4	18,466,681.00	18,750,557.00
Total Expenditure		37,455,375.00	33,378,577.00
Net Surplus/(Deficit) for the year		201,616.00	4,128,636.00
		37,656,991.00	37,507,213.00

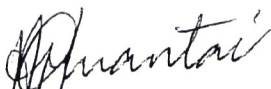
Pest Control Products Board


Balance Sheet

as at 30th June 2006

	NOTE	2006		2005	
		(Shs.)	(Shs.)	(Shs.)	(Shs.)
<u>ASSETS</u>					
Non-Current Assets					
Property, Plant and Equipment	5	39,723,986.00		43,161,313.00	
Intangible Assets	6	8,000,000.00	47,723,986.00	9,600,000.00	52,761,313.00
Current Assets					
Trade Receivables	7	620,794.00		529,142.00	
Investments	8	25,000,000.00		25,000,000.00	
Prepayments	9	484,109.00		572,835.00	
Bank/Cash Balances	10	13,768,012.00	39,872,915.00	8,831,990.00	34,933,967.00
Total Assets			87,596,901.00		87,695,280.00
<u>EQUITY AND LIABILITIES</u>					
Capital and Reserves					
Capital Reserves	14	34,942,682.00		34,942,682.00	
Accumulated Surplus	15	51,974,428.00	86,917,110.00	52,050,172.00	86,992,854.00
Current Liabilities					
Trade Payables	11	89,292.00		86,135.00	
Provision for Audit Fees	12	500,000.00		500,000.00	
Interest in Advance	16	90,499.00	679,791.00	116,291.00	702,426.00
Total Equity and Liabilities			87,596,901.00		87,695,280.00

The Financial Statements have been signed on behalf of the Board by:


 Prof. Anastasia N. Guantai
 Chairman

 23-02-2007
 Samuel P. Gachanja
 Secretary/Chief Executive

Pest Control Products Board

Statement of Changes in Equity

For the year ended 30th June 2006

	Capital Reserves (Shs.)	Accumulated Surplus (Shs.)	Total (Shs.)
At 1 July 2004			
As previously Reported	34,942,682.00	47,921,536.00	
Prior Year Adjustments (Note 13)		(277,360.00)	
As restated	34,942,682.00	47,644,176.00	82,586,858.00
Net surplus/(deficit) for the year		4,128,636.00	
As 30 June 2005	34,942,682.00	51,772,812.00	86,715,494.00
At 1 July 2005	34,942,682.00	51,772,812.00	86,715,494.00
Net surplus/(deficit) for the year		201,616.00	
At 30 June 2006	34,942,682.00	51,974,428.00	86,917,110.00

Pest Control Products Board

Cash Flow Statement

for the year ended 30th June 2006

	Note	2005/2006 (Shs.)	2004/2005 (Shs.)
Operating Activities			
Cash generated from operations	17	1,150,927.00	5,114,017.00
Net cash generated from operating activities		1,150,927.00	5,114,017.00
Investing Activities			
Investment in Government Securities		-	(10,000,000.00)
Purchase of Property Plant & Equipment		(52,298.00)	(2,011,515.00)
Interest received		1,754,097.00	908,316.00
Net cash used in investing activities		1,701,799.00	(11,103,199.00)
Financing Activities			
Government grant		2,083,296.00	2,450,936.00
Net cash generated from financing activities		2,083,296.00	2,450,936.00
Increase/(Decrease) in cash and cash equivalents		4,936,022.00	(3,538,246.00)
Cash and cash equivalents at the start of the year		8,831,990.00	12,370,236.00
Cash and cash equivalents at the end of the year		13,768,012.00	8,831,990.00

Pest Control Products Board

Notes to the Financial Statements

For the year ended 30th June 2006

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below

(a) Basis of Preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and are prepared under the historical cost convention. The financial statements are presented in Kenya shillings (Shs) and Figures are rounded off to the nearest Shilling

(b) Revenue Recognition

Government grant, license fee income and miscellaneous income are recognized on a cash basis. Interest income is accrued on a time basis by reference to the amount invested and the interest rate applicable

(c) Trade Receivables

Trade receivables are stated at their nominal value

(d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss apart from freehold land which is not depreciated as it is deemed to have infinite life

Depreciation is charged so as to write off the cost 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% (8 Years)
Furniture	12.5% (8 Years)
Motor Vehicles	25% (4 Years)
Computer Equipment	33.3% (3 Years)

(e) Provision

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

(f) Retirement Benefits

The human resource consists of 20 officers employed directly by PCPB and 14 officers deployed from central government. The former are on 3 year renewable contracts at the end of which a gratuity of 31% of total basic salary earned is paid. The latter are on the central government payroll and therefore on the government retirement pension scheme.

2 Income from Core Activities (License Fees)

	2005/2006	2004/2005
	Amount	Amount
1 Premises License	6,628,980.00	6,093,520.00
2 Product Export License	16,000.00	22,000.00
3 Product Import License	17,450,118.00	14,732,091.00
4 Product Introduction License	1,700,000.00	1,230,000.00
5 Product Registration License	2,860,000.00	3,650,000.00
6 Product Renewal License Renewals	4,890,000.00	8,240,000.00
Total	33,545,098.00	33,967,611.00

3 Other Receipts

	2005/2006	2004/2005
	Amount	Amount
1 Interest on Investment	1,754,097.00	908,316.00
2 Miscellaneous	274,500.00	180,350.00
Total	2,028,597.00	1,088,666.00

Pest Control Products Board

4 Expenditure

Staff costs and administration costs are detailed in the appendix to Income Statement on page 18

5 Property, Plant and Equipment

	Freehold Land	Computer Equipment	Office Equipment	Office Furniture	Motor vehicle	Total
<i>Depreciation Rate</i>	0%	33.3%	12.5%	12.5%	25%	
Cost						
As at 1 July 2005	35,000,000.00	2,146,062.00	3,023,265.80	1,733,613.40	8,718,206.00	50,621,147.00
Additions	-	19,600.00	32,697.90	-	-	52,298.00
As at 30 June 2006	35,000,000.00	2,165,662.00	3,055,963.70	1,733,613.40	8,718,206.00	50,673,445.00
Depreciation						
Balance as at 1 July 2005	-	589,390.07	2,224,450.00	1,086,102.68	3,559,891.50	7,459,834.00
Charge for the Year	-	715,182.65	378,189.23	216,701.68	2,179,551.50	3,489,625.00
	-	1,304,572.72	2,602,639.23	1,302,804.36	5,739,443.00	10,949,459.00
Net Book Value						
As at 30 June 2006	35,000,000.00	861,089.28	453,324.48	430,809.05	2,978,763.00	39,723,986.00
As at 30 June 2005	35,000,000.00	1,556,671.93	798,815.80	647,510.72	5,158,314.50	43,161,313.00

6 Intangible Asset

Intangible asset represents work-in-progress at the Loresho plot with an initial cost of 16 million. In June 2001 the Board resolved to amortize WIP over a period of 10 years starting from the Financial year 2001/2002

	2005/2006	2004/2005
	Amount	Amount
Balance B/F	9,600,000.00	11,200,000.00
Amortization (@ 10% of 16 million)	(1,600,000.00)	(1,600,000.00)
Balance C/F	8,000,000.00	9,600,000.00

7 Trade Receivables

	2005/2006	2004/2005
	Amount	Amount
1 Dishonored Cheques	115,900.00	261,428.00
2 Employees	-	54,000.00
3 Deposits	138,000.00	138,000.00
4 Reimbursable Expenses	-	75,714.00
5 Other Receivables	366,894.00	-
Total	620,794.00	529,142.00

Under dishonored cheques a provision for bad debts amounting to Shs. 145,928 has been created. Details of dishonored cheques relating to periods prior to 2000-2001 could not be obtained. The Board wrote-off these debts on 3 August 2006.

Excluded from trade receivables is Shs. 3,200,000 that relates to unpaid product registration fees and product renewal fees by pest control products registrants/agents. Product registration fees is charged by the regulatory authority so as to maintain a product in the pest control products register and gives the registrant the privilege to deal with the registered product in Kenya, the fees is not accrued in the accounts hence the exclusion. The Board has notified all registrants concerned to pay up or have their products removed from the register.

Pest Control Products Board

8 Investments (Treasury Bills)

	2005/2006	2004/2005
	Amount	Amount
Balance B/F	25,000,000.00	15,000,000.00
Addition/(Reduction) during the Year		10,000,000.00
Total	25,000,000.00	25,000,000.00

9 Prepayments

	2005/2006	2004/2005
	Amount	Amount
1 Insurance	149,587.00	156,525.00
2 Rent and Rates	331,259.00	416,310.00
3 Library	3,263.00	-
Total	484,109.00	572,835.00

10 Cashbook Balances

		30-Jun-06	30-Jun-05
		Amount	Amount
Bank			
KCB	Revenue A/c No. 200-770-359	9,498,410.00	7,162,884.00
BBK	Revenue A/c No. 1026785	4,657,909.00	1,780,594.00
KCB	Operations A/c No. 200-771-681	(388,307.00)	(111,488.00)
Petty	Cash in hand	-	-
Total		13,768,012.00	8,831,990.00

11 Trade Payables

	2005/2006	2004/2005
	Amount	Amount
1 Telkom (Accrued Expenses)	31,096.00	21,564.00
2 Bank Charges	11,607.00	20,853.00
3 KRA (VAT Withheld)	-	22,960.00
4 Director of Pensions	-	20,758.00
5 New Times Service (Kenya Times Media) - Subscription	46,589.00	-
Total	89,292.00	86,135.00

12 Provisions

	2005/2006	2004/2005
	Amount	Amount
1 KENAO (Audit Fees 2005/2006)	250,000.00	-
2 KENAO (Audit Fees 2004/2005)	250,000.00	250,000.00
3 KENAO (Audit Fees 2003/2004)	-	250,000.00
Total	500,000.00	500,000.00

Pest Control Products Board

13 Prior Year Adjustment

This relates to omissions from the financial statements of 2004/2005 that were discovered in the f/y 2005/2006 and relate to reliable information that was available when those financial statements were prepared, and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. The omissions were accounted for retrospectively by restating the opening balance of retained earnings. The omissions were as follows:

Tax Arrears	241,502.00
Library	23,294.25
Telephone	12,563.45
Total	<u>277,360.00</u>

14 Capital Reserves

Capital reserve relates to a capital item (Leasehold Land less valuation costs) provided by the Government of Kenya which is the sole shareholder of the entity.

15 Accumulated Surplus

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

16 Interest in Advance

This relates to accrued interest on investment in treasury bills not yet received at the close of the financial year

17 Cash generated from operations

Reconciliation of surplus/(deficit) to cash generated from operations

	2005/2006	2004/2005
Surplus (Deficit) for the year	201,616.00	4,128,636.00
<i>Adjustments for:</i>		
Depreciation	3,489,625.00	3,210,048.00
Amortization	1,600,000.00	1,600,000.00
Government grant	(2,083,296.00)	(2,450,936.00)
Interest Income	(1,754,097.00)	(908,316.00)
Provisions	(250,000.00)	(200,000.00)
Bad Debt Write-off	145,928.00	-
<i>Changes in working capital:</i>		
(Increase)/Decrease in Trade Receivables	(91,652.00)	(275,164.00)
Increase/(Decrease) in Trade Payables	(252,695.00)	(26,868.00)
(Increase)/Decrease in Prepayment	119,706.00	(34,054.00)
Increase/(Decrease) in Interest in Advance	25,792.00	70,671.00
Cash generated from operations	<u>1,150,927.00</u>	<u>5,114,017.00</u>

18 Employees

The number of employees at financial year end was 34. (35 as at 30 June 2005)

Appendix to Income Statement - (Note 4)

INCOME	2005/2006 (Shs.)	2004/2005 (Shs.)
Miscellaneous	274,500.00	180,350.00
Interest on Investment	1,754,097.00	908,316.00
License Fees Income	33,545,098.00	33,967,611.00
Government Grants	2,083,296.00	2,450,936.00
Total Income	37,656,991.00	37,507,213.00
EXPENDITURE		
Administration Cost		
Fees, Commission & Honoraria	1,009,036.00	1,205,650.00
Transport Operating Expenses	3,237,648.00	2,762,822.00
Traveling & Accommodation	3,050,500.00	2,688,331.00
Postal and Telegram	128,187.00	188,267.00
Telephone Expenses	1,119,845.00	554,985.00
Official Entertainment	270,654.00	238,868.00
Computer Expenses	102,541.00	939,046.00
Purchase of Stationary	171,662.00	300,700.00
Miscellaneous & Consumable Stores	181,757.00	255,586.00
External Traveling	180,335.00	340,376.00
Maintenance of Plant & Machinery & Equipment	271,096.00	136,001.00
Maintenance of Buildings & Stations	1,790.00	123,861.00
Purchase of Fungicides	15,600.00	27,690.00
Insurance	639,127.00	842,056.00
Bank Charges	124,291.00	139,047.00
Library Expenses	131,740.00	78,885.00
Printing & Publication	293,221.00	467,176.00
Rent & Rates (Non-residential)	1,329,011.00	1,548,750.00
Expenses Board Committees & Conferences	154,573.00	315,903.00
Purchase of Staff Uniform	49,385.00	46,645.00
A.S.K. Show Expenses	161,736.00	84,010.00
Training Expenses	104,213.00	203,694.00
Depreciation Expenses	3,489,625.00	3,210,048.00
Audit fees Provision	250,000.00	250,000.00
Advertising and Publicity	11,600.00	192,160.00
Donations	10,000.00	10,000.00
Amortization Expenses	1,600,000.00	1,600,000.00
Provision for Bad Debts	145,928.00	-
PIP Project Expenses	231,580.00	-
Tax Arrears Paid	-	-
Sub Total	18,466,681.00	18,750,557.00
Staff Costs		
Basic Salary	7,442,647.00	5,138,805.00
House Allowance	5,776,000.00	4,905,258.00
Medical Allowances	1,666,220.00	1,572,077.00
Passage & Leave Allowance	338,000.00	340,000.00
Service Gratuity	1,362,200.00	277,104.00
Commuter Allowance	1,754,000.00	1,678,726.00
Other Personal Allowances	235,016.00	447,490.00
Company N.S.S.F Contribution	55,200.00	47,600.00
Medical Expenses - Inpatient	359,411.00	178,609.00
Medical Expenses - Ex Gratia	-	42,351.00
Sub Total	18,988,694.00	14,628,020.00
Grand Total Expenditure	37,455,375.00	33,378,577.00