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REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 14 APR 2022

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OF

TABLED
BY:

CLERK-AT CHRISTINE NDIRITU

THE AUDITOR-GENERAL

ON

PEST CONTROL PRODUCTS BOARD

**FOR THE YEAR ENDED
30 JUNE, 2020**



PEST CONTROL PRODUCTS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

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KEY PEST CONTROL PRODUCTS BOARD INFORMATION AND MANAGEMENT

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.

Principal Activities

- Assessing the safety, efficacy, quality and economic value of pest control products with a view of registering them, if found suitable.
- Assessing suitability of premises used for manufacture/formulation, storage and distribution of pest control products for purposes of licensing.
- Processing and issuing import permits to ensure that only correct quantities of registered products are imported and in right quantities.
- Advising the Minister on all matters relating to the Provisions of the 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 and use of pest control products.
- Investigating and prosecuting offences related to Pest Control Products Act.
- Supervising the disposal of obsolete or undesired pest control products.

Key Management

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

The Office of the Chief Executive
Corporate services Department
Compliance and Enforcement
Registration and Analysis

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive/Secretary	Esther Kimani PhD
2.	Head of Finance	James Mwaura

Fiduciary Oversight Arrangements

Finance and Administration Committee

Terms of Reference

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

Audit Committee

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.

Pest Control Products Board Headquarters

P.O. Box 13794-00800

PCPB Headquarters

Loresho

Nairobi, KENYA

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

Pest Control Products Board Bankers

Kenya Commercial Bank Limited

Sarit Centre

P.O. Box 14959-00800

Nairobi.

Barclays Bank of Kenya Limited

Westlands

P.O. Box 14403-00300

Nairobi

Independent Auditors

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue



P.O. Box 40112



City Square 00200


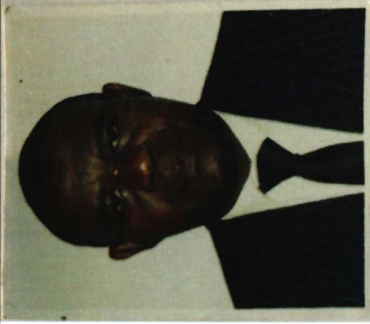
Nairobi, Kenya


PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020


THE BOARD OF DIRECTORS

	Gazette Notice	Name and Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	Organization	Board Status
1.	No.4286 of 3/5/2019 DoA 3/5/2019	Kuria Gatonye Born 1964		Executive MBA, BSc Chemistry and Biochemistry, Advanced Diploma in Purchasing and Supply 2010, CIPS UK. And Diploma in Coffee Estate Management (Standard Chartered Estate Management Ltd) <ul style="list-style-type: none"> ▪ 2018 to date: Consultant ▪ 2003 to 2018: Tropical Farm Management Ltd, Head of Supplies Department ▪ 1999- 2003: Technical Manager at Osho Chemical Industries ▪ 1995 -1999: Sales Representative at Kenwin Enterprises ▪ 1989 -1995: Coffee Estate Manager at Standard Chartered Estate Management Ltd 	Consultant	Chairperson
2.	DoA 12/9/2019	Andrew Mware Kinyua Born 1966		BSc Chemistry <ul style="list-style-type: none"> ▪ Jan 2015 to date: Head (Deputy Director) of Water Quality and Pollution Control Division, Water Resources dept, Ministry of Water and Irrigation ▪ 2010 - 2014: Senior Principal chemist II ▪ 2008 - June 2010: Principal Chemist ▪ -2006- June 2008 Chief Chemist (NB// All above under Ministry of Water & Irrigation) ▪ 2002-2005: Senior Chemist in charge of Assay Laboratory ▪ 1996-2002 Chemist I Nov 1992-1996: 	State Department of National Water Services	Member


	Gazette Notice	Name and Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	Organization	Board Status
3.	DoA 12/9/2019	Dr. Elijah K. Gichuru Born 1967		Chemist II Mineral processing, (NB: 1996 to 2005 in Assay Laboratory, Mines & Geology Department, Ministry of Environment and Natural Resources PhD, Msc <ul style="list-style-type: none"> ▪ Aug 2014 to date: Director at Coffee Research Institute ▪ Feb 2013 to Aug 2014: Acting Director of Research/CEO at Coffee Research Foundation. ▪ July 2010 to 2013: Deputy Director of Research at CRF 	KALRO – Coffee Research foundation	Member
4.	DoA 01/7/2016 (open)	Teresia Karanja Born 1966		Master's degree in Plant pathology <ul style="list-style-type: none"> ▪ 2008 to date: State Department of Agriculture, Plant Protection Services Division as Pathology, weeds and Pesticide Advisory Officer. ▪ 2005-2008 at District Agricultural Office, Kiambu as District Horticultural Crops Officer ▪ 1996-2005 at Divisional Agricultural Office, Kikuyu as Divisional Horticultural Crops Officer ▪ 1996-2005 at Divisional Agricultural Office, Kikuyu 	State Department of Agriculture.	Member

	Gazette Notice	Name and Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	Organization	Board Status
5.	DoA 12/9/2019	Esther Ngari		<p>Currently the Director Standards Development and International Trade at Kenya Bureau of Standards. Esther is a graduate of Dairy Science and Food Technology from Egerton University. She holds a Masters of Business Administration from Jomo Kenyatta University of Agriculture and Technology. She is a certified Lead Auditor for Food Safety Management Systems, Quality Management Systems and Environmental Management Systems. Esther has over 20 years' experience gained from the Food manufacturing sector</p>	Kenya Bureau of Standards	Member
6.	DoA 12/9/2019	Ali Gakweli Born 1958		<p>2019 - MSc degree in Environmental Planning and Management SEKU 1987 - BSc degree in Chemistry, University of Nairobi 1981 – East African Advanced Certificate of education at advanced Secondary School level 1979 – East African Certificate of Education ordinary secondary level Current Inclination: • Head Of National Authority On Implementation Of The Chemical Weapon Convention • Project Manager - Development Of A</p>	The Government Chemist	Member

	Gazette Notice	Name and Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	Organization	Board Status
				<p>National Response Plan To Respond To Unauthorized Events Involving Cbrn Materials In Ghana And Kenya</p> <ul style="list-style-type: none"> • National Focal Point – Eu Cbrn Risk Mitigation • National Action Plan • Country Coordinator - Kenya Program On Chemical Safety And Security Jointly Implemented With The International Center For Chemical Safety And Security <p>Government Chemist- (2017 to Present) Deputy Government Chemist (2011 To 2017) Assistant Government Chemist (2007 – 2010) Principal Chemist (1998 – 2007) Senior Laboratory Analyst (1994- 1998) Laboratory Analyst 1 (1989-1993)</p>		
7	DoA 14/10/2016	Geoffrey Mwikamba Born 1972		<p>Degree</p> <ul style="list-style-type: none"> ▪ Jan 2012 to date: Chief Information Communication Technology Officer at The National Treasury ▪ Apr 2008 to Jan 2012: Senior Information Communication Technology Officer at Ministry of Finance ▪ Dec 2003 to Apr 2008 ICT Officer I ▪ Dec 1999 to Dec 2003: Systems Analyst/Programmer at City Council of Nairobi 	The National Treasury	Member

	Gazette Notice	Name and Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	Organization	Board Status
8	N/A (Co-opted)	Eric Kimunguyi		<p>2016 to date PHD – Innovations and Technology Management -JKUAT</p> <p>2013: MBA – Strategic Management</p> <p>2008: Diploma in Marketing Management</p> <p>2008: Basis Certificate in Crop Protection (UK)</p> <p>2000: Bachelor of science in Horticulture</p> <p>2015-2017: Board Member AAK Agrochemicals Association of Kenya- The umbrella organization in Kenya for the pesticide and agrochemical industry.</p>	AAK Representative	Co-opted member
9	No. 5605 of 5/6/2018	Mark Rotich		<ul style="list-style-type: none"> ▪ Programme leadership and management for effective delivery of results ▪ Project design and bidding including for integrated complex programmes ▪ Client Relations Management including donor liaison and coordination ▪ Stakeholder engagements and partnerships with non-state and state actors ▪ Hands-on experience in financial management of large budgets with multi-agency complex partnerships ▪ Experience in design and supervision of basic and operational research projects ▪ Experience on Sector Wide Approaches and in various sectors ▪ Strategic planning including formulation of strategies for organisations 	Independent Member	Member







	Gazette Notice	Name and Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	Organization	Board Status
10	CEO/ Secretary	Esther Kimani PhD		<ul style="list-style-type: none"> ▪ Institutional development including organizational re-structuring for efficiency and effectiveness ▪ Management of staff including managing staff of diverse cultures and in remote places <p>Dr. Esther Kimani is the Chief Executive of Pest Control Product Board (PCPB) and a former Managing Director of Kenya Plant Health Inspectorate Service (KEPHIS), between 2014 and March 2020.</p> <p>She holds a PHD in Crop Protection, Msc. in Plant Pathology and BSc. Agriculture from the University of Nairobi. She is a student of MBA strategic planning.</p> <p>Dr. Kimani worked as a researcher at Pyrethrum Board of Kenya for 10 years before joining KEPHIS in the year 2000. At KEPHIS she worked for over 19 years in various capacities that included officer in charge of plant quarantine station, head the department of Phytosanitary and Biosafety, General Manager in charge of Phytosanitary services and Biosafety and Managing director. She has been involved in harmonization of SPS standards and seed trade standards in COMESA and East Africa region and was a member of the International Plant Protection Standard Setting Committee for 6</p>	Pest Control Products Board	CEO/ Secretary

1.531 CONTINUED FROM PAGE 13 BOARD
 FINANCIAL STATEMENTS FOR THE YEAR ENDED
 30 JUNE 2020



Gazette Notice	Name and Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	Organization	Board Status
			<p>years.</p> <p>The Standards guide Crop Protection and Trade Facilitation. She also played a great role in opening markets for agriculture markets including China, USA among others through by carrying out pest risk analysis and negotiation on SPS requirements. In the area of biosafety as a Board Member at the National Biosafety Authority and was in charge of National Performance Trials conducted by KEPHIS, that approved the first high yielding varieties of BT cotton that could be commercialized in Kenya.</p> <p>Dr. Esther Kimani has a wide knowledge in variety protection, seed certification, plant health and wide experience in quality assurance of agricultural inputs and produce. She has also been a key player in global standard setting and harmonization of regulations that guide in addressing market access issues of seeds and agricultural produce.</p>		

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

MANAGEMENT TEAM

Name	Key Professional and Academic qualifications	Passport size Photo	Area of responsibility
Esther Kimani PhD	PHD in Crop Protection, Msc. in Plant Pathology and BSC. Agriculture Student of MBA strategic planning.		Chief Executive Officer
James Mwaura	MBA (Finance), BBA (Finance and Accounting), CPAK, AKIB, CPS LLB- Student		Head Corporate Services.
Dr. Paul N. Ngaruiya	PhD in Tropical Plant Sciences. Msc: Plant Pathology Bsc: Agriculture		Head, Research & Training
Fredrick N. Muchiri	Msc: Plant Pathology Bsc: Agriculture		Head, Registration

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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Grace N. Muchemi	Msc: Analytical Chemistry Bsc: Botany and Chemistry	 A portrait photograph of Grace N. Muchemi, a woman with dark hair and glasses, wearing a light-colored top and a necklace.	Head, Analytical Services
Lawrence K. Ikiba	Msc: Agronomy, Bsc: Agriculture	 A portrait photograph of Lawrence K. Ikiba, a man with short hair, wearing a blue and white plaid shirt.	Head, Compliance and Enforcement.

CHAIRMAN'S STATEMENT

I am elated to present the Annual Report and the Financial Statement for the financial year 2019/2020 on the Pest Control Products Board operations.

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

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 control/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.

On behalf of the Board, management and staff, I wish to reaffirm our commitment for 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.


Mr. Kuria Gatonye
Chairperson

REPORT OF THE CHIEF EXECUTIVE OFFICER

The Board is pleased to present the financial results for the year 2019/2020. During this period, the Board continued with the project for the construction of the residue laboratory which will go a long way in facilitating achievement of the desired levels of compliance with the law on pesticides management.

On operations, the Board has been instrumental in carrying out its mandate with the Compliance and Enforcement Department inspecting and licensing approximately 2,545 premises against a target of 3,500 this represents a 73% of the target met. The target was not met due to effects of Covid-19 which halted surveillance activities during lockdown period. The compliance and enforcement department were also able to undertake 42 trainings and awareness creation activities against a target of 23 planned. The Registration and analysis department undertook 117 risk assessment on applications against a target of 100, representing a 1.7% achievement over the target. The laboratory was able to collect and analyse 352 pesticides samples against a target of 345 again meeting and surpassing the target.

The income generated during the year from both internal and external sources was approximately Kshs.182 million against Kshs 187 million the previous year, which represents 4% decrease.

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 64 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 Board 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.

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



Esther Kimani PhD
CEO/Secretary PCPB

CORPORATE GOVERNANCE STATEMENT

The Board has continued with its commitment to high corporate governance standards, values and ethics within the organization to abide by the laws governing in the country. The Board continued to engage with key stakeholders in various 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The institution is made up of three major departments namely the Corporate Services Department, the Registration and Analysis department and Inspection and enforcement department.

COMPLIANCE AND ENFORCEMENT DEPARTMENT

This department is instrumental in carrying out the mandate of the Board by ensuring compliance with set standards. In the period under review, the following activities were planned for:

1. Premises inspections and licencing
2. Training and awareness creation for stakeholders
3. Disposal of obsolete and illegal pesticides and wastes encountered
4. Investigation and prosecution of all cases of contravention of the act
5. Carry out a survey on pesticide residues in kales and tomatoes and farmers awareness on safe use practices in Nyandarua/ Kirinyaga and Nyeri counties
6. Develop an Integrated Pest Management Curriculum(IPM)

The compliance and enforcement department inspecting and licensing approximately 2545 premises compared to a target of 3,500 this represents a 73% achievement.

PREMISES INSPECTIONS AND LICENCING

Inspection of premises entails physical visits to all dealers of pest control products to assess their suitability to deal with pesticides.

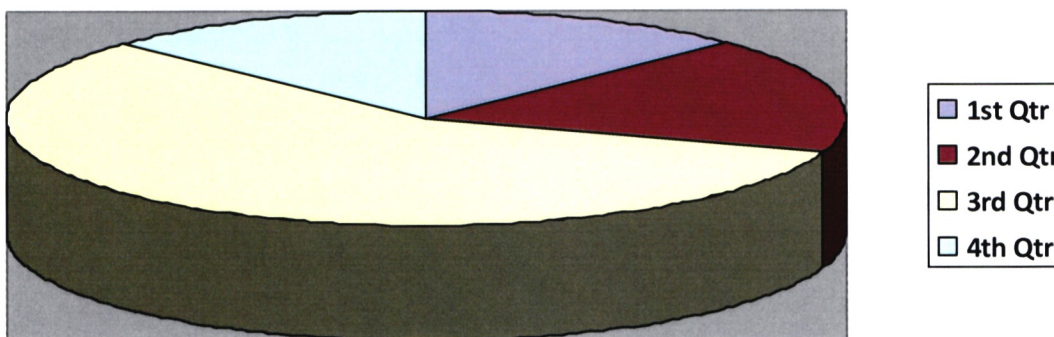
Pesticides premises are categorized as follows:

- Manufacturers/formulators
- Re-packers
- Warehousing
- Storage and use
- Wholesalers
- Distributors
- Supermarkets
- Retailers
- Pest control operators
- Local agents

The table below gives a summary of all premises inspected during the period under review.

INSPECTED PREMISES

1 st quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	TOTAL
334	632	1408	43	2417



Notes:

1. The inspection activities are mostly during the third quarter due to licensing requirement which is annual.
2. Quarter four had very low activities due to Covid-19 lockdown

TRAINING AND AWARENESS CREATION

The inspection and compliance department undertakes training of various pesticides stakeholders in the country to ensure prudent pesticide management and usage throughout pesticides chain. Users are sensitized on the need to handle and use pesticides responsibly by reading and adhering to the label recommendations.

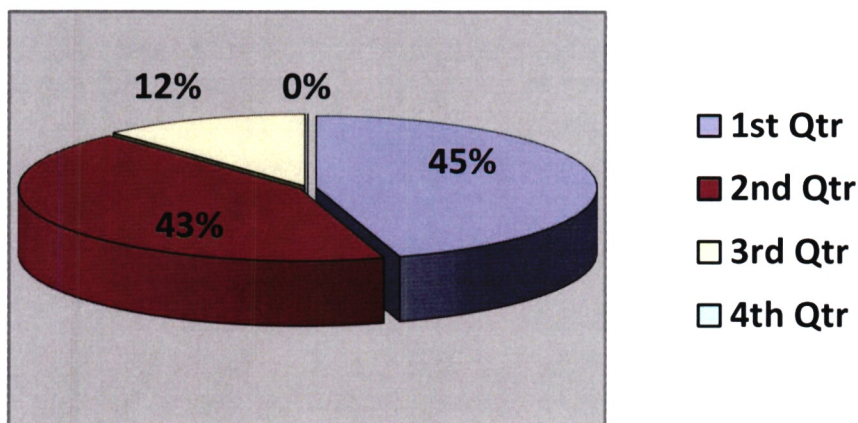
Increased consumer food safety concerns and quality standards challenges, like non-compliance with the market requirement resulting in interception of produce in the international market, emerging issues related to constant changes in MRLs, new EU regulations on pesticides and conformity of fruits and vegetables have made it necessary to ensure that farmers are trained on how to use pesticides responsibly.

The need to safeguard human health and environment is also emphasized by stressing on the need to dispose empty pest control products containers responsibly as well as manage chemical effluent in an environment friendly manner. Various awareness creation activities were conducted as stipulated below;

Training activities for the Financial Year 2019/2020

1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	TOTALS
19	18	5	0	42

East



Notes:

1. Training and awareness creation activities schedule for the fourth quarter were not undertaken due to Covid-19 lockdown and movement restrictions
2. Third quarter trainings were also affected by Covid-19 and only a few were undertaken

REGISTRATION AND ANALYSIS

The Registration and analysis department received 262 applications against 273 in the previous year; 414 permits for trial purposes were issued against 417 received in the previous year. 156 applications were considered by the Board for registration of which 89 were approved against 38 approved in the previous period representing a 134% Increase. This was due to backlog which had been occasioned by lack of a fully constituted Board of Management which bears the responsibility of registering Pesticides during the previous period.

2019/20: Annual report; Executive Summary

Issue	Indicator	Number
Product registration	Total No New dossiers received	118
	Accepted dossiers	61
	Rejected dossiers	57
	Experimental permits issued to various accredited institutions	318
	Total Number of New Applications considered for registration	185
	No. of Pest Control Products granted full registration	195
	Cumulative number of registered products (Total)	1954
	Pesticides registered for use in crops	1624
	Products registered for use in public health	196
	Technical grade materials	134
	No. of Products approved for trade name	4
	No. of Label extensions approved	89
	No. of products deregistered	0
	Number of accredited institutions in the year	4 (Rio Agrosolutions, Pretac Agresearch, Agriwright, Cropmasters Ltd, UON Pharmacology and Toxicology Department)
Efficacy trials	Number of samples sent for efficacy trials	339
Laboratory sampling & analysis	Number of samples analyzed	352

CORPORATE SERVICES

This department comprises of Human Resource & Administration section, Finance and Accounts and Procurement sections. The income generated during the year from both internal and external sources was approximately Kshs 181.4 million against Kshs 189 million the previous year, which represents a 0.4% decrease.

The Board over the years has had challenges with staff numbers, currently we have a staff force of 68 against a recommended optimal of 216 employees, and this represents only 32% of the required staff force. PCPB continues to offer internship and attachments opportunities lasting between six months to 1 year in compliance with the Government call to help young people achieve the much needed work experience. It is our hope that in the coming years funding improvements will enable us serve the public better and more efficiently by hiring and equipping the staff capacity.

The Board 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.

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

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.

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 company's assets and operations.

The Board of Management meets at least quarterly or as required to continually review and monitor the company's 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

- 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

Finance and Administration Committee

Duties

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

Audit Committee

Duties

- 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.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

PCPB has strategically implemented CSR which has enhanced the Company's image thereby creating great public goodwill .CSR is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government", In a nutshell, CSR is about business "giving back to society"

PCPB supports initiatives/projects that provide sustainable solutions to the most pressing social challenges.

PCPB's CSR Objectives are;

- To give back to the community by assisting the disadvantaged:
- As a Company that has benefited from tax payers money we are obligated to support community initiatives.
- To identify with the public and foster goodwill towards the Company:
- To support on-going national advocacy initiatives:
- There are numerous national campaigns that need support to have a greater impact e.g. HIV/AIDS, environment and health and sanitation campaigns.
- Create awareness about the company and build its public profile:
- To build a strong PCPB brand, the Company must be seen to have a human face.

In Kenya effects of climate change and other environmental challenges are having an enormous impact not only on human life but also on business. The pressure on natural resources and the environment in general calls for concerted efforts to alleviate the

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

situation. PCPB has actively participated in environmental conservation initiatives aimed at conserving catchment areas and other delicate ecosystems

In the current year PCPB continued with propagation of the tree nursery with over 10,000 coffee seedlings ready for dispatch to Ministry of Agriculture for distribution to farmers across the country.

REPORT OF THE DIRECTORS

The Directors submit their report together with the un-audited financial statements for the year ended June 30, 2020 which show the state of the Pest Control Products Board's affairs.

Principal activities

The principal activities of the Pest Control Products Board are;

- Assessing the safety, efficacy, quality and economic value of pest control products with a view of registering them, if found suitable.
- Assessing suitability of premises used for manufacture/formulation, storage and distribution of pest control products for purposes of licensing.
- Processing and issuing import permits to ensure that only correct quantities of registered products are imported and in right quantities.
- Advising the Minister on all matters relating to the Provisions of the 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 and use of pest control products.
- Investigating and prosecuting offences related to Pest Control Products Act.
- Supervising the disposal of obsolete or undesired pest control products.

Directors

The members of the Board of Management who served during the year are shown on pages vi to xviii In accordance with the provisions of the Pest Control Products Act, Cap 346, Laws of Kenya

Auditors

The Auditor General is responsible for the statutory audit of the Pest Control Products Board in accordance with Section 81(4) a of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81(3) of the Public Finance Management Act, 2012 and section 14(3) of the State Corporations Act, require the Directors to prepare financial statements in respect of that Pest Control Products Board, which give a true and fair view of the state of affairs of the Pest Control Products Board at the end of the financial year/period and the operating results of the Pest Control Products Board for that year/period. The Directors are also required to ensure 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.

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

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, 2020.

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 judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act.

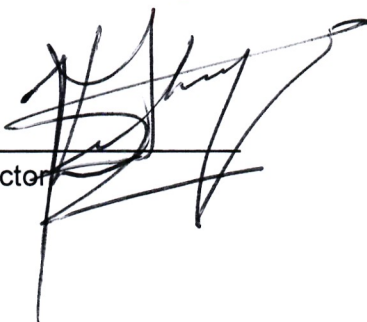
The Directors are of the opinion that the Pest Control Products Board's financial statements give a true and fair view of the state of Pest Control Products Board's transactions during the financial year ended June 30, 2019, and of the Pest Control Products Board's financial position as at that date.

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.

Approval of the financial statements

The Pest Control Products Board's financial statements were approved by the Board on 25/09/2020 and signed on its behalf by:



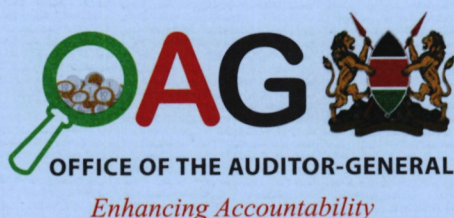
Director



Director

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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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, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Pest Control Products Board set out on pages 27 to 46, which comprise statement of financial position as at 30 June, 2020, 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 then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Pest Control Products Board as at 30 June, 2020, 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 and the Pest Control Products Act, Cap 346.

Basis for Qualified Opinion

1. Inaccuracies of the Financial Statements

1.1 Statement of Financial Position

The statement of financial position reflects an amount of Kshs.11,360,252 under receivables from exchange transactions, which as disclosed under Note 15 to the financial statements includes an amount receivable from medical insurance of Kshs.5,220,267. However, schedules provided for audit reflects an amount of Kshs.5,568,267 under medical insurance, resulting in unexplained and unreconciled difference of Kshs.348,000.

1.2 Statement of Cash Flows

The statement of cash flows reflects nil rental income while the statement of financial performance reflects an amount of Kshs.9,520,807.

Further, other incomes figure of Kshs.8,992,933 reflected on the statement of cash flows differs by Kshs.6,933,723 with the amount reflected in the statement of financial performance of Kshs.2,059,210.

In addition, net cash used in investing activities figure of Kshs.43,112,661 reflected in the statement of cash flows differs with the additions to property, plant and equipment amount of Kshs.46,745,037 under Note 16 by Kshs.3,632,376.

Further, Note 25 to the financial statements on cash generated from operations includes unsupported amount of Kshs.7,542,394.

Consequently, the accuracy and completeness of the financial statements could not be ascertained.

2. Unexplained Adjustments in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects final budgeted total income of Kshs.229,850,000 and final budgeted total expenditure of Kshs.229,349,999. However, these final budget figures differs with the approved budget figures of Kshs.225,050,000 and Kshs.244,499,998 for total income and total expenditure, resulting in unexplained differences of Kshs.4,800,000 and of Kshs.15,149,999, respectively.

The budget notes have also not been included as a foot note as required by the Public Sector Accounting Standards Board.

Consequently, the completeness and accuracy of the balances reflected in the statement comparison of budget and actual amounts could not be confirmed.

3. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment with a net book value of Kshs.474,307,477 as at 30 June, 2020 and as disclosed under Note 16 to the financial statements. The balance, however, excludes the value of motor vehicles with an original cost of Kshs.31,000,000 which had been fully depreciated to nil book values. The vehicles are still in use and therefore valuable to the Board and ought to have been subjected to revaluation in line with paragraph 67 of IPSAS 17.

Under the circumstances, the accuracy of the property, plant and equipment net book value of Kshs.474,307,477 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.

4. Unsupported Provisions

The statement of financial position reflects provisions of Kshs.2,325,274 and as disclosed under Note 18 to the financial statements. The provisions figure includes provision for salary review totalling Kshs.1,977,274. The provision of Kshs.1,977,274 was not supported by a corresponding expenditure in the statement of financial performance.

Consequently, the accuracy of the provision's figure of Kshs.2,325,274 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of 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 qualified 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 audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

Non-remittance of Pension Deductions

The statement of financial position reflects trade and other payables from exchange transaction figure of Kshs.23,143,540 which includes an amount of Kshs.8,250,897 being payroll deductions for the month of June 2020. The balance of Kshs.8,250,897 includes pension deductions of Kshs.5,132,689 which had not been remitted to the Insurer, contrary to Section 19(4) of the Employment Act, 2007.

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 audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 controls, risk management and 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 Board's ability to continue to sustain 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 to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 financial reporting process, reviewing the effectiveness of how the entity 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 Pest Control Products Board 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 continue 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

28 January, 2022

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

Statement of Financial performance
For the year ended 30 June 2020

Note	2019/2020 (Shs.)	2018/2019 (Shs.)
Revenue from non-exchange transactions		
License and Permits 3	83,669,867	73,125,621
Government Grant 4	89,550,000	88,200,000
Rental Income 5	9,520,807	10,370,200
Revenue from exchange transactions		
Other Receipts 6	2,059,210	15,793,600
Total Revenue	184,799,884	187,489,421
Expenses		
Staff Costs 7	126,086,870	106,625,688
Depreciation & Amortization 8	9,610,816	9,610,004
Repairs & Maintenance 9	2,534,329	3,211,481
Contracted professional services 10	2,860,888	2,820,220
Corporate Social Responsibility 11	-	206,675
General expenses 12	34,383,148	40,795,350
Remuneration of directors 13	4,785,758	6,018,959
Total Expenditure	180,261,809	169,288,378
Net Surplus for the year	4,538,075	18,201,043

The notes set out on pages 32 to 47 form an integral part of this Financial Statement

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

Statement of Financial Position

as at 30 June 2020

NOTE	2019/2020 (Shs.)	2018/2019 (Shs)	
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	14	2,175,402	23,106,286
Receivable from exchange transactions	15	11,360,252	10,247,057
		<u>13,535,654</u>	<u>33,353,343</u>
Non-Current Assets			
Property, Plant and Equipment	16	474,307,477	437,173,257
Total Assets		<u>487,843,131</u>	<u>470,526,600</u>
Current Liabilities			
Trade and Other payables from exchange transactions	17	23,491,540	6,803,065
Provisions	18	2,325,274	16,235,292
Total Liabilities		<u>25,816,814</u>	<u>23,038,357</u>
Net Assets			
Capital Reserves	19	67,354,425	67,354,425
Accumulated Surplus	20	362,841,535	358,303,460
Capita/Development Grants/Fund	21	20,000,000	10,000,000.00
Revaluation Surplus	22	11,830,357	11,830,357
		<u>462,026,317</u>	<u>447,488,242</u>
Total Liabilities		<u>487,843,131</u>	<u>470,526,600</u>

The Financial Statements set out on pages 1 to 47 were signed on behalf of the Board by:

Chief Executive/Secretary

Name: Esther Kimani PhD

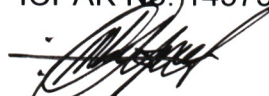


Date 29/4/2021

Manager Finance & Accounts

Name: JAMES MWAURA

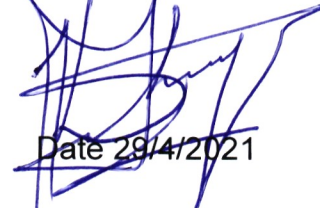
ICPAK No. 14575



Date 29/4/2021

Chairman of the Board

Name: KURIA GATONYE



Date 29/4/2021

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

Statement of Changes in net Assets
For the year ended 30 June 2020

	Capital Reserves	Fair value adjustment reserve	Retained earnings	Capita/Develop ment Grants/Fund	Total
	(Shs.)	(Shs.)	(Shs.)	(Shs.)	(Shs.)
Balance as at 1 July 2018					
As previously Stated	67,354,425	11,830,357	340,102,417	-	419,287,199
Prior Year Adjustments Note 21	-	-	-		-
As Restated	67,354,425	11,830,357	340,102,417		419,287,199
Net surplus/(deficit) for the year (Restated)	-	-	18,201,043		18,201,043
Development Grant	-	-	-	10,000,000	10,000,000
Transfers	-	-	-	-	-
At 30 June 2019	67,354,425	11,830,357	358,303,460	10,000,000	447,488,242
At 1 July 2019	67,354,425	11,830,357	358,303,460	10,000,000	447,488,242
Net surplus/(deficit) for the year	-	-	4,538,075	-	4,538,075
Development Grant	-	-	-	10,000,000	10,000,000
At 30 June 2020	67,354,425	11,830,357	362,841,535	20,000,000	462,026,317
Transfer	-	-	-	-	-
At 30 June 2020	67,354,425	11,830,357	362,841,535	20,000,000	462,026,317

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

Statement of Cash Flows

for the year ended 30 June 2020

Notes	2019-2020 (Shs.)	2018/2019 (Shs.)
Cash flow from operating Activities		
License and Permits	83,669,867	73,125,621
Government grant and subsidies	99,550,000	98,200,000
Rental Income		10,370,200
Other Incomes	8,992,933	4,793,600
Total Receipts	192,212,800	186,489,421
Payments		
Compensation of employees	124,915,498	104,439,294
Goods and services general expenses	40,807,780	41,656,975
Rent paid	4,307,746	-
Total Payments	170,031,023	146,096,269
Net cashflow from operating activities	25 22,181,777	40,393,152
Cashflow from Investing Activities		
Purchase of Property Plant & Equipment	16 (43,112,661)	58,872,594
Net cash used in investing activities	(43,112,661)	58,872,594
Financing Activities		
Cashflow from financing activities	-	-
Increase/(Decrease) in cash and cash equivalents	(20,930,884)	(18,479,443)
Cash and cash equivalents at the start of the year (Re-stated)	23,106,286	41,585,729
Cash and cash equivalents at the end of the year	2,175,402	23,106,286

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

**Statement of Comparison of Budget and Actual Amounts for the Year ended 30th J
2020**

		Original Budget	Adjustments	Final Budget	Actual comparable basis	Performance Difference
	Revenue	2019-2020		2019-2020	2019-2020	2019-2020
640	Retained earnings	30,960,000	-	30,960,000	30,960,000	-
	Interest from investments	-	-	-	-	-
660	License Fees	89,890,000	0	89,890,000	83,669,867	6,220,133
670	Miscellaneous Receipts	4,200,000	0.00	2,000,000	2,059,210	59,210
	Rental Income	-	0.00	7,000,000	9,520,807	2,520,807
690	Government Grants	100,000,000	0	100,000,000	99,550,000	450,000
	Total Income	225,050,000	4,800,000	229,850,000	225,759,884	4,090,116
Code	Expenses					
131	Board Expenses	6,885,000	326,613	6,558,387	4,785,758	1,772,629
	Personnel Emoluments	118,002,954	(2,204,713)	120,207,667	126,086,870	5,879,203
	Operational Expenses	64,572,044	6,418,099	58,823,945	46,528,293	12,295,652
	Contracted Professional service	2,410,000	(220,000)	2,190,000	2,860,888	670,888
	Corporate Social Responsibility	1,000,000	(450,000)	550,000	-	550,000
	Capital Expenditure	51,630,000	10,610,000	41,020,000	46,745,037	5,725,037
	Total	244,499,998	15,149,999	229,349,999	227,006,846	2,343,153

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS

1. General Informational

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 (IPSAS) 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 (IPSAS).
- The accounting policies adopted have been consistently applied to all the years presented. 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 2019.

3. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 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 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

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020
NOTES TO THE FINANCIAL STATEMENTS

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), laboratory 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.

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS

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.

h) 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.

i) 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.

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.

j) 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.

k) 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.

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l) 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.

m) 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 were as follows;

	2019-2020
	Shs
Bank	
731026785 BBK	2,028,319
1106876067 KCB	60,248
1106877357 KCB	86,835
Total cash and cash equivalents	2,175,402

n) Comparative figures

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

o) 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, 2020.

p) 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;

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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.

q) Provisions

Provisions have been made at 0.2% of the doubtful debt.

3. License fee income

	2019 - 2020 Shs	2019/2019 Shs
Total license fees	83,669,867	73,125,621

4. Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount differed under differed income Kshs.	Amount recognized in capital fund.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
State Department of Agriculture	89,550,000	-	10,000,000	99,550,000	98,200,000
Total	89,550,000	-	10,000,000	99,550,000	98,200,000

5. Rental Revenue from Facilities and Equipment.

Description	2019-2020 Shs 000	2018-2019 Shs 000
Straight-lined operating lease receipts	9,520,807	10,370,200
Total rentals	9,520,807	10,370,200

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6. Revenue from exchange transactions

	2019-2020	2019-2019
	Shs 000	Shs 000
Other receipts (Interest on Investments+ Miscellaneous incomes)	2,059,210	15,793,600
Total revenue from non-exchange transactions	2,059,210	15,793,600
Other receipts for cash flow purpose		
Other receipts (Interest on Investments+ Miscellaneous incomes)	2,059,210	15,793,600
Advance interest on investments	-	-
Total other receipts	2,059,210	15,793,600

7. Employee costs

	2019-2020	2018-9019
	Shs	Shs
Basic Salary and Wages	63,958,232	51,894,163
Commuter allowance	6,492,000	6,086,400
Company NSSF Contribution	12,131,857	7,964,517
House allowance	26,004,000	23,692,180
Medical Expenses Cover	11,116,750	11,576,343
Other Personal allowances	2,017,865	2,033,828
Passage and Leave allowances	802,667	731,007
Telephone Allowance	3,563,500	2,647,250
Total employee costs	126,086,870	106,625,688

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8. Depreciation and amortization expense

	2019-2020	2018-2019
	Shs	Shs
Property, plant and equipment	9,610,004	9,610,004
Total depreciation and amortization	9,610,004	9,610,004

9. Repairs and maintenance

	2019-2020	2018-2019
	Shs	Shs
Property	446,443	647,800
Equipment	735,737	441,658
Vehicles	1,352,149	2,122,023
Total repairs and maintenance	2,534,329	3,211,481

10. Contracted services

	2019-2020	2018-2019
	Shs	Shs
Others	2,860,888	2,820,220
Total contracted services	2,860,888	2,820,220

11. Grants and subsidies

	2019-2020	2018-2019
	Shs	Shs
Social development	-	206,675
Total grants and subsidies	-	206,675

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NOTES TO THE FINANCIAL STATEMENTS

12. General expenses

	2019-2020	2018-2019
	Shs	Shs
Advertising and Publicity	215,100	564,052
Audit fees	348,000	348,000
Bank Charges	161,440	188,293
Computer Expenses	134,750	502,403
Exhibitions and Shows	368,154	538,353
External Traveling	1,609,908	5,273,063
Electricity and Water	955,602	1,146,250
Insurance	729,415	956,061
Library Expenses	216,167	135,611
Miscellaneous & Consumerable Stores	1,973,211	1,756,036
Laboratory Consumables	225,913	296,949
Official Entertainment	153,411	104,775
Postal and Telegram	1,120,562	1,123,065
Printing & Publication	128,787	-
Purchase of Fungicides	118,064	140,780
Purchase of Stationary	1,073,194	1,614,250
Rent & Rates	4,307,746	4,377,093
Telephone Expenses	93,763	66,257
Training Expenses	421,480	1,053,590
Transport Operating Expenses	2,908,610	3,144,112
Traveling & Accommodation	17,118,467	17,456,178
Provision for doubtful debts	1,404	10,179
	34,383,148	40,795,350

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13. Board Expenses

4,785,758	6,965,278
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14. Cash and cash equivalents

	2019-2020 Shs	2018-2019 Shs
Bank		
731026785 BBK	2,028,319	8,385,226
1106876067 KCB	60,248	9,310,167
1106877357 KCB	86,835	5,410,893
Total cash and cash equivalents	2,175,402	23,106,286

15. Receivables from exchange transactions

	2019-2020 Shs	2018-2019 Shs
Current receivables		
Medical Insurance	5,220,267	4,797,124
City Council of Nairobi	212,240	212,240
PS Ministry lands and Housing	147,970	147,970
Other exchange debtors	5,779,775	5,089,723
Total receivables	11,360,252	10,247,057

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16. 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%	
Cost or valuation									
As at 1 July 2018	35,000,000	39,502,587	349,058,705	3,658,883	10,664,027	7,584,926	31,000,000	1,821,500	478,290,628
Additions	-	45,751,024	-	640,200	319,990	-	-	-	46,711,214
Disposal	-	-	-	-	-	-	-	-	-
Transfers/Adjustment	-	-	-	-	-	-	-	-	-
As at 30 June 2019	35,000,000	85,253,611	349,058,705	3,658,883	11,304,227	7,904,916	31,000,000	1,821,500	525,001,842
Additions	-	46,738,542	-	-	6,495	-	-	-	46,745,037
Disposal	-	-	-	-	-	-	-	-	-
Transfers/Adjustment	-	-	-	-	-	-	-	-	-
As at 30 June 2020	35,000,000	131,992,153	349,058,705	3,658,883	11,310,722	7,904,916	31,000,000	1,821,500	571,746,879

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Depreciation and Impairment									
Balance as at 1 July 2018	-	34,581,230	3,658,883	5,307,848	2,759,868	31,000,000	910,752	78,218,581	
Charge for the Year	-	6,981,174	-	1,413,028	988,115	-	227,688	9,610,004	
As at 30 June 2019	-	41,562,404	3,658,883	6,720,876	3,747,983	31,000,000	1,138,440	87,828,585	
Depreciation	-	6,981,174	-	1,413,840	988,115	-	227,688	9,610,816	
Disposal	-	-	-	-	-	-	-	-	
Transfer/Adjustments	-	-	-	-	-	-	-	-	
At 30 June 2020	-	48,543,578	3,658,883	8,134,717	4,736,097	31,000,000	1,366,127	97,439,402	
Net Book Values	-	-	-	-	-	-	-	-	
Valuation at 30 June 2020	35,000,000	131,992,153	300,515,127	3,176,005	3,168,819	-	455,373	474,307,477	
Valuation at 30 June 2019	35,000,000	85,253,611	307,496,301	4,583,351	4,156,934	-	683,061	437,173,257	

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17. Trade and other payables from exchange transactions

	2019-2020	2018-2019
	Shs	Shs
PAYE	6,056,927	2,181,494
Department of housing	45,033	4,900
Retention NK Brothers	7,875,129	4,242,753
Prime Rigs & Drillers	117,430	117,430
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	22,541
Pyrethrum Processing company pv 872	600,000	23,407
Rent Deposit. Horticultural Council	210,540	210,540
Audit fees	348,000	
Payroll		
Deductions	7,259,709	-
Sub Total	23,491,540	6,803,065

18. Provisions

	2019-2020	2018-2019
	Shs	Shs
KENAO (Audit Provision for Audit fees)	348,000	348,000
Provision for Salary Review	1,977,274	15,797,953
Specific Provision(Dishonored cheques)	-	79,160
Increase in provision for doubtful debts	-	10,179
Total	2,325,274	16,235,292

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		2019-2020 Shs	2018-2019 Shs
19. Capital reserves	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 have been transfers from retained earnings.	67,354,425	67,354,425
20. Accumulated surplus	This is the retained net earnings that has accumulated over the financial years	362,841,535	358,303,460
21. Capital/Development Grants/Fund	This is the Development funds availed by the Government for the construction of the residual laboratory.	20,000,000	10,000,000
22. 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

23. Related Party Disclosures

(a) The entity is related to:

- i) The National government
- ii) The Parent Ministry
- iii) Key management
- iv) Board of directors

(b) Related party transactions

	2019-2020 KShs	2018-2019 KShs
i) The Parent Ministry	99,550,000	98,200,000

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iii) Key management	13,860,210	13,860,210
iv) Board of directors	4,785,758	6,018,959
	<u>118,195,968</u>	<u>118,079,169</u>

24. Financial risk management

(ii) Liquidity risk management

	Less than 1 month	Between 1-3 months	Over 5months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade Payables	10,012,441		-	117,430
				10,129,871
Provisions	2,325,274		-	-
				2,325,274
Total	12,337,715		-	117,430
				12,455,145
At 30 June 2019				
Trade Payables	4,270,194		-	117,430
				4,387,624
Provisions	16,235,292		-	-
				16,235,292
Total	20,505,486		-	117,430
				20,622,916

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25. Cash generated from Operations		
	KShs 2019/2020	KShs 2018/2019
Surplus for the year before tax	4,538,075	18,201,043
Adjusted for:		
Depreciation	9,610,816	9,610,004
Non-cash income(reduction in provision for salaries adjustment)	(7,542,394)	
Contributed assets	-	(206,675)
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	(703,986)
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	(1,113,195)	-
Increase in deferred income	-	-
Increase in payables	16,688,475	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	22,181,777	26,900,387