

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

Paper Laid
By Hon. K.O. Meito (Majority Party Member)
on Thurs. 19.11.2015 (pm)

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
PHARMACY AND POISONS BOARD

FOR THE YEAR ENDED
30 JUNE 2014





PHARMACY AND POISONS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014

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

Pharmacy and Poisons Board

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Pharmacy and Poisons Board

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

Principal Activities

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The principal mission of Pharmacy and Poisons Board is to regulate the practice of Pharmacy and Poisons. This includes:

anc

(i) Registration

- The registrar keeps a register of duly qualified pharmacist and a roll of duly qualified pharmaceutical Technologists.
- Drugs are regulated by a process of registration.

(ii) Drug Information

The department deals with availability of drug information to the general public and is detailed to receive applicants for advertisements and approve the same as to control flow of information.

(iii) Pharmacovigilance

The department monitors consistency of quality and emerging side effects of drugs already registered.

(iv) Drug Surveillance

The department is involved primarily in batch qualities, efficacy and safety of drugs by collecting from the manufacturer and testing the same through NQCL (National Quality control Laboratory).

(v) Inspection

The department is involved in pre-licence of premises inspection, inspection of outlets for good pharmacy practice, drugs handling etc. It is also involved in manufacturing plant inspection to ensure the GMP is followed.

(vi) Licencing

The department is involved in the issuing of import and export licences and hence regulate the trade in pharmaceuticals. Also licences of premises.

Pharmacy and Poisons Board

(vii) Training and Assessment

The department is involved in regulation of training of professionals and hence give approval for colleges desiring to train personnel in this area. The department also gives assessment examinations for the purpose of registration of pharmacist and enrolment for pharmaceutical Technologists.

(viii) Legal Department

The department is involved in the legal review of the Pharmacy and Poisons Board Act and any other accommodation of the regulatory/Board including new areas of herbal medicine and alternative medicine; it is also involved in disciplinary cases of professional malpractice.

(c) Key Management

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

- Minister of Health
- Board of Directors
- Registrar
- Directorates

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Registrar	Dr. Kipkerich C. Koskei
2.	Deputy Registrar (Business Support)	Dr. Fred M. Siyoi
3.	Product Evaluation	Dr. B. NJue
4.	Inspectorate & Surveillance	Dr. Ahmed Mohamed
5.	Quality Control	Dr. Obadiah Naikuni
6.	Pharmacy Practice & Regulation of Training	Dr. Wilfred Ochieng

(e) Fiduciary Oversight Arrangements

- *Human Resources and Finance committee*
- *Practice Committee*
- *Training Committee*
- *EDC Committee*

(f) Entity Headquarters

Pharmacy and Poisons Board
P.O. Box 27663-00506
Pharmacy and Poisons Board Building
Lenana Road
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 3562107
E-mail: info@pharmacyboardkenya.org
Website: www.pharmacyboardkenya.org

(h) Entity Bankers

1. National Bank of Kenya
Hill Branch
P.O Box 45219-00100
Nairobi, Kenya

The Cooperative Bank of Kenya
Parliament Road
P.O Box 5772-00200
Nairobi, Kenya

Barclays Bank of Kenya
Bunyala Road
P.O Box 72058-00200
Nairobi, Kenya

(i) Independent Auditors

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

Pharmacy and Poisons Board

(j) Principal Legal Adviser

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

II. THE BOARD OF DIRECTORS

GAZETTE NOTICE NO. 3218 Dated (12TH JANUARY 2012)

Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
1. Dr. Francis Kimani - Medical Doctor	Director of Medical Services, Ministry of Health
2. Dr. Kipekrich C. Koskei – Pharmacist	Chief Pharmacist, Ministry of Health
3. Dr. Peter Ithondeka – Veterinary Doctor	Director, Veterinary Services
4. Dr. Evans Mwangangi – Pharmacist	Academia ,University Nairobi
5. Dr. Sara Agak – Pharmacist	Representative, Community Pharmacy
6. Dr. Joseph Oluoch – Pharmacist	Representative, Community Pharmacy
7. Dr. Paul Mwaniki – Pharmacist	Representative, Manufacturing Industry
8. Dr. J. Akinyi Orwa – Pharmacist	Representative, Public Service
9. Mr. Abdi Jama – Pharmaceutical Technologist	Representative, Kenya Pharmaceutical Association

Pharmacy and Poisons Board

III. MANAGEMENT TEAM

1.	Dr. Kipkerich C. Koskei - Pharmacist	Registrar
2.	Dr. Fred M. Siyoi - Pharmacist	Deputy Registrar
3.	Dr. B. Njue – Pharmacist	Director, Product Evaluation
4.	Dr. Ahmed Mohamed – Pharmacist	Director, Inspectorate & Surveillance
5.	Dr. Obadiah Naikuni – Pharmacist	Director, Quality Control –
6.	Dr. Wilfred Ochieng – Pharmacist	Director, Pharmacy Practice & Regulation of Training

IV. CHAIRMAN'S STATEMENT

The Board members are required to prepare financial statements, 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 surplus or deficit of that year. The Board members are required to ensure that the Board maintains proper accounting records which disclose with reasonable accuracy the financial position of the Board.

The Board members accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years and in conformity with the International Financial Reporting Standards. The members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Board as at 30th June 2014 and its surplus for the year ended.

The members further confirm the accuracy and completeness of the accounting records maintained by the Board, which have been relied upon on the preparation of the financial statements as well as on the adequacy of the systems of internal control.

REPORT OF THE CHIEF EXECUTIVE OFFICER

The Pharmacy and Poisons Board was established as a Regulatory Authority under the Pharmacy and Poisons Act, Cap 244 and commenced operations on 1st May 1957.

It was established as a body corporate under section 3(6) amended of the Pharmacy and Poisons Act 1993 with the responsibility of regulating the practice of Pharmacy and the manufacture and trade in drugs and poisons.

The Pharmacy and Poisons Board has a Board of Directors comprising members drawn from both the public and private sector.

Although the Pharmacy and Poisons Board was established as a body corporate, it has over the years experienced some challenges which have hampered its operations. These include:

- Lack of adequate enabling legal framework;
- Conflicting responsibilities between the Board and other government agencies e.g. National Quality Control Laboratory and Drug Inspection Unit within the Ministry of Health, Kenya Bureau of Standards, Public Health Dept;
- Inadequate autonomy to undertake its functions e.g. although the Board was established as a body corporate in 1993, it still operates as a Department of the Ministry of Health with the Director of Medical Services as the Chairman of the Board of Directors and the Chief Pharmacist as the Registrar of the Board;
- Inadequate staff capacity i.e. all technical staff are seconded from the Ministry of Health and therefore the Board has no control over their deployment to and from the Board;
- Lack of an organizational structure specific to the Board's mandate.

These challenges had been identified by the World Health Organisation (WHO) during a review of the operations of the Pharmacy and Poisons Board, and specific recommendations on how to address them were made.

It was in view of this and other concerns that the Permanent Secretary, Ministry of Health, appointed an Inter-ministerial Task Force to undertake a study of the Board and make appropriate recommendations on the way forward.

The Terms of Reference for the study were:

1. To identify human resource gaps and make recommendations of an optimum resource base;
2. To develop an organizational structure that is responsive to a dynamic and changing regulating environment, which must be in tandem with world class regulation systems;
3. To identify specialized training needs and to define a time-frame for implementation;
4. To develop and prescribe a performance based reward system and remuneration scheme that will attract and retain staff at the Pharmacy and Poisons Board;
5. To make proposals for a competitive staff benefit programme;
6. To develop a Human Resource manual with an in-built code of ethics for staff;

Pharmacy and Poisons Board

7. To look into the existing law and identify gaps and make appropriate recommendations;
8. To identify appropriate financing mechanism or resource mobilization and develop a finance manual;
9. To look into any other matter that may enhance or increase efficiency of the organisation.

In undertaking the study, the Task Force undertook a literature review of relevant documents, interviewed staff in the premises of the Board and the National Quality Control Laboratory (NQCL) and also appraised the facilities in the two premises. The Task Force also benchmarked with similar organisations in Tanzania, Uganda, Ghana and Australia.

Following the study it has been proposed that the name of the Board remains Pharmacy and Poisons Board. However, a new organisational structure and staffing levels have been proposed which, if implemented, will enable the Board to effectively and efficiently undertake its mandate.

In the proposed restructuring and in conformity with “the Principles of Good Corporate Governance”, the duties and responsibilities of the Board of Directors have been redefined and clearly stipulated to remove the current ambiguities. In addition, it has been proposed that the National Quality Control Laboratory (NQCL) forms part of the Pharmacy and Poisons Board and MOH Drug Inspection Unit functions be transferred to the Board and that the Board develops its own Logo to be used on all its official documents rather than use the one for the Ministry.

The role of the Chief Pharmacist as a policy maker has also been separated from being the Head of the Board which, being a regulator will be headed by a Director General. It is further proposed that the role of regulating Pharmacy practice be removed from the Pharmacy and Poisons Board and a Council be established to undertake it as is the practice elsewhere.

The structure has been reorganised into five (5) Directorates and six (6) independent units as follows:

Directorates

- Product Evaluation and Registration.
- Quality Control Laboratory.
- Pharmacy Practice and Regulation of Training.
- Inspection and Surveillance.
- Business Support Services.

CORPORATE GOVERNANCE STATEMENT

To ensure effective and efficient service delivery to customers, PPB developed policy guidelines and standard operating procedures for all our business processes.

Among key business processes for which the documents were developed and ready for implementation are:

- Accreditation of training institutions
- Student indexing
- Support supervision for training institutions
- Pre-examination
- Administration of Exams
- Examination process
- Professional registration
- Professional retention
- Medical laboratory registration
- Medical laboratory inspection
- Medical laboratory retention

Together with these and through support from partners and stakeholders, the Board also developed and launched a Continuous Professional Development program as part of career development plan to be linked to annual renewal licenses for medical laboratory personnel in Kenya. As a Health Regulatory State Agency, PPB endeavours to efficiently establish and implement high-end regulatory standards for laboratory infrastructure with embedded focus on safety for both practitioners and patients. In the period under review, we rolled out the first graded National Infrastructural Design for medical laboratory facilities. In the 2013/2014 year, PPB continued to be a secure source of 'value-for-money' regulatory authority by enlisting more vendors/suppliers of diagnostic reagents and equipment. Through stakeholder workshops, elaborate validation procedures and protocols for were established and implemented thereby contributing positively to the Ministry's goal of providing the highest attainable quality healthcare to the citizens especially for diagnostics.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

During the financial year under review, the Board in collaboration with the parent ministry and its key stakeholders purposes to initiate the following reforms intended to enhance the Board's strategic position in fulfilling its core mandate of regulating training of medical laboratory professionals to improve competencies for delivery of quality health care system in Kenya. The Board will increasingly but firmly;

- a) Sensitize stakeholders and enforce implementation of CPD policy guidelines;
- b) Review/revise of curriculum for Bachelor of Pharmaceutical Sciences;
- c) Verify professional qualifications for all lecturers involved in the training of MLS programs;
- d) Develop and cascade an internship model for BPS graduates;
- e) Initiate partnership with PPB under the Ministry of Finance to list laboratory commodities in the single window system (SWS) to improve efficiency in the online issuance of import permit for vendors of laboratory reagents and equipment;
- f) Roll out of National Standards for laboratory physical infrastructure guidelines to the Counties;
- g) Draft and publish in the Kenya Gazette, the Regulations for conduct Elections of members of PPB to the Board as prescribed under Section 40 of the Act;
- h) Design and procure new generation license and registration certificates for facilities and professional;
- i) Implement Human Resource Policy for grading with staff establishment for existing positions with harmonized terms of employment;
- j) Adopt the Code of Best Practice for Corporate Governance issued by the Centre of Corporate Governance (Kenya) as its benchmark in developing its corporate governance principles. ;
- k) Identify a consultant to facilitate ISO certification for PPB.

With this exciting opportunity and responsibility, I remain optimistic and wish to reaffirm the commitment of the members of the Board to provide effective leadership for the continued efficiency and visibility of Pharmacy and Poisons Board.

VIII. STATEMENT OF BOARD MEMBERS RESPONSIBILITIES.

State Corporations Act; require the Board members to prepare financial statements in respect of that board, which give a true and fair view of the state of affairs of the board at the end of the financial year and the operating results of the board for that period. The board members are also required to ensure that the board keeps proper accounting records which disclose with reasonable accuracy the financial position of the board. The board members are also responsible for safeguarding the assets of the Board.

The board members are responsible for the preparation and presentation of the Board financial statements, which give a true and fair view of the state of affairs of the board for and as at the end of the financial year ended on June 30, 2014. 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 entity; (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 board (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the board 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 board financial statements give a true and fair view of the state of board transactions during the financial year ended June 30, 2014, and of the board financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the board, which have been relied upon in the preparation of the board's financial statements as well as the adequacy of the systems of internal financial control.

Approval of the financial statements

The Board's financial statements were approved by the Board on 12th March 2015 and signed on its behalf by:

Registrar of the Board:

Name DR. K. C. KOSKEI OGW

Date: 15/04/2015

Chairman of the Board:

Name Dr Francis Kimani

Date: 15/04/2015

..6. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2014 shown in pages 17 to 36

Principal activities

The principal activities of the entity are outlined in page 3 (I) (b).

Results

The results of the entity for the year ended June 30, 2014 are set out on page 17.

Directors

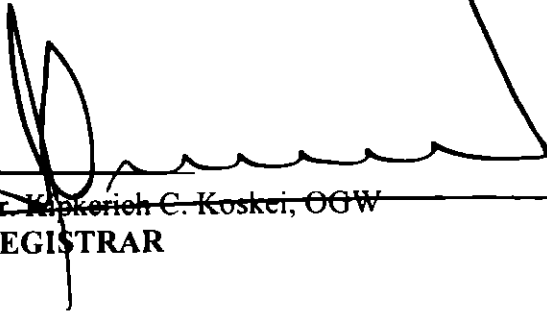
The members of the Board of Directors who served during the year are shown on page V (II) In accordance with Pharmacy and Poisons Board Act Cap. 244.

Auditors

The Auditor General is responsible for the statutory audit of the Pharmacy and Poisons Board in accordance with the Section 2 of No. 18 of the Public Finance Management (PFM) Act, 2012.

Yours faithfully,

PHARMACY AND POISONS BOARD



~~Dr. Makereh C. Koskei, OGW~~
REGISTRAR

Date:15/04/2015.....

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section ... of the Public Finance Management Act, 2012 and section ... of the State Corporations Act, require the Directors to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Directors are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Directors are also responsible for safeguarding the assets of the *entity*.

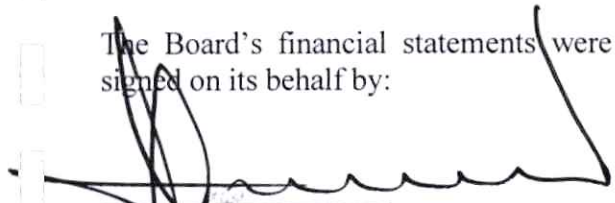
The Directors are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) maintaining 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 *entity*; (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 *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *entity'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 *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2014, and of the *entity's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity'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 *entity* 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 Board's financial statements were approved by the Board on 24/09 2014 and signed on its behalf by:



Director



Board Member



Board Member

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON PHARMACY AND POISONS BOARD FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Pharmacy and Poisons Board set out on pages 17 to 36 which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards and for such 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.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant

to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Property, Plant and Equipment

As previously reported the property, plant and equipment balance of Kshs.378,021,081 as at 30 June 2014 includes a figure of Kshs.75,000,000 representing the value of land LR No. 209/365/5 on which the headquarters of the Board stands. However, no title documents for the land were produced for audit review.

In the circumstances, it has not been possible to confirm the ownership status of the land and that of the property, plant and equipment balance of Kshs.378,021,081 as at 30 June 2014 is fairly stated.

2. Receivables from Exchange Transactions

The receivables from exchange transactions balance of Kshs.35,169,251 as at 30 June 2014 includes rent deposits, prepayments and returned cheques of Kshs.342,432, Kshs.177,300 and Kshs.17,422,341 respectively all totalling Kshs.17,942,073 which have been outstanding for a long period of time. Further, the schedule supporting the balance of returned cheques totalling Kshs.17,422,341 has not been availed for audit review.

In addition, although a specific provision for bad and doubtful debt of Kshs.1,505,056 has been provided in the accounts, the provision is not adequate as the debts have been outstanding for a considerably long period of time. Also no reason has been provided for failure to recover these outstanding debts.

Consequently, it has not been possible to confirm the validity, accuracy, and recoverability of the receivables from exchange transactions balance of Kshs.35,169,251 as at June 2014.

3. Trade and Other Payables

Included in the trade and other payables balance of Kshs.26,501,439 as at 30 June 2014 are Pay-As-You-Earn (PAYE) deductions totalling to Kshs.6,616,379 made from employees earnings. However, and according to records available, the deductions have been outstanding for ten (10) years contrary to the requirements of the Income Tax Cap 470. In addition, the likely interest and

penalties for late payments in accordance with the same Act have not been accrued and included in the trade and other payables of Kshs.26,501,439 as at 30 June 2014.

Consequently, it has not been possible to confirm the validity and accuracy of trade and other payables balances of Kshs.26,501,439 at 30 June 2014.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Board as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with the Pharmacy and Poison's Board Act Cap. 244 of the Laws of Kenya.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

31 March 2015

Pharmacy and Poisons Board

XII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Revenue from exchange transactions			
Rendering of services	3	621,809,394	531,238,035
Other income	4	37,784,817	33,483,036
Total revenue		659,594,211	564,721,071
Expenses			
Employee costs	5	48,768,158	44,668,607
Board expenses	6	5,258,600	17,112,604
Depreciation	13	15,651,396	12,322,998
Repairs and maintenance	7	4,990,965	3,461,377
General expenses	8	223,282,764	157,269,287
Finance costs	9	849,855	723,318
Collection cost	10	142,492,141	134,915,562
Total expenses		441,293,879	370,473,753
Surplus before tax		218,300,332	194,247,319
Taxation			
Surplus for the period		218,300,332	194,247,319
 Attributable to:			
Surplus attributable to owners of the controlling entity		218,300,332	194,247,319
		218,300,332	194,247,319

The notes set out on pages 22 to 36 form an integral part of the Financial Statements

Pharmacy and Poisons Board

III. STATEMENT OF FINANCIAL POSITION As at 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Assets			
Current assets			
Cash and cash equivalents	11	781,775,024	676,230,071
Receivables from exchange transactions	12	35,169,251	16,437,008
		816,944,275	692,667,079
Non-current assets			
Property, plant and equipment	13	378,021,081	283,871,300
		378,021,081	283,871,300
Total assets		1,194,965,356	976,538,379
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	14	26,501,439	12,797,817
Bank overdraft			13,576,977
		26,501,439	26,374,794
Total liabilities		26,501,439	26,374,794
Net assets		1,168,463,917	950,163,585
Reserves	15	6,479,649	6,479,649
Accumulated surplus	16	1,161,984,268	943,683,936
Total net assets and liabilities		1,168,463,917	950,163,585

The Financial Statements set out on pages 17 to 36 were signed on behalf of the Board of Directors by:

Director General/C.E.O/M.D (enter title of head of entity)

Date: 15/04/2015

Chairman of the Board

Date: 15/04/2015

Pharmacy and Poisons Board

IV. STATEMENT OF CHANGES IN NET ASSETS For the year ended 30 June 2014

	Reserves Capital replacement development reserve Kshs	Accumulated surplus Kshs	Total Kshs
Balance as at 1 July 2012	6,479,649	749,436,618	755,916,267
Surplus for the period		194,247,318	194,247,318
Balance as at 30 June 2013	6,479,649	943,683,936	950,163,585
Balance as at 1 July 2013	6,479,649	943,683,936	950,163,585
Surplus/(deficit) for the period	-	218,300,332	218,300,332
Balance as at 30 JUNE 2014	6,479,649	1,161,984,268	1,168,463,917

Pharmacy and Poisons Board

XV. STATEMENT OF CASH FLOWS For the year ended 30 June 2014

Note	2013-2014 Kshs	2012-2013 Kshs
Cash flows from operating activities		
Surplus for the period	218,300,332	194,247,318
Adjustment for depreciation	15,651,396	12,322,998
Adjustment for interest income	-	(9,012,706)
Surplus before working capital changes	233,951,728	197,557,610
Changes in working capital		
Increase/decrease in trade receivables	(18,732,243)	(15,105,442)
Increase/decrease in trade payables	126,645	3,661,352
	(18,605,598)	(11,444,090)
NET CASHFLOW FROM OPERATING ACTIVITIES	215,346,130	186,113,520
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(109,801,177)	(67,592,546)
NET CASHFLOW FROM INVESTING ACTIVITIES	(109,801,177)	(67,592,546)
Cash flow from financing activities		
Increase in short term borrowing	-	13,576,977
NET CASHFLOW FROM FINANCING ACTIVITIES	-	13,576,977
NET INCREASE IN CASH AND CASHEQUIVALENT	105,544,953	132,097,952
Cash and cash equivalent as at 1 July	676,230,071	544,132,120
Cash and cash equivalent as at 30 June	781,775,024	676,230,071

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the year ended 30 June 2014

	Final budget	Actual on	Performance	% Change
	2013-2014	comparable	difference	
	Kshs	basis	2013-2014	
Revenue		2013-2014	Kshs	
Rendering of services	791,650,000	660,771,989	130,878,011	17
Total income	791,650,000	660,771,989	130,878,011	17
Expenses				
Compensation of employees	55,000,000	48,768,158	6,231,842.00)	11
Finance cost	1,600,000	849,855	750,145.00	47
Rent paid	8,000,000	305,320	7,694,680.00	96
Other payments	433,200,000	391,370,546	41,829,454	10
Total expenditure	497,800,000	441,293,879	56,506,121	11
Surplus for the period	293,850,000	219,478,110	1,684,546.00	25

Note to variance analysis

1. Under collection of revenue is due to capacity challenges
2. Under spending on staff emoluments is due to the board's decision not to increase staff level
3. Under spending in finance cost is due to increase in efficiency in financial management
4. Under spending in other expenses is due to none accomplishment of work plans due to capacity challenges

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VII. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). 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 is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be

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measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information – 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.

c) Taxes – IAS 12

Current income tax

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

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

Deferred tax

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable

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

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

Deferred tax items are recognized in correlation to the underlying transaction in net assets.

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

Sales tax

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

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

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

d) Investment property – IPSAS 16

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

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is



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expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

e) Property, plant and equipment – 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, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases – IPSAS 13

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

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

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i) Research and development costs

The Entity 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.

h) 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. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that

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has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators.

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

ii) 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. The Entity determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

IPSAS 29.65

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

i) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions – IPSAS 19

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates – IPSAS 3

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits – IPSAS 25

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Retirement benefit plans

The Entity provides retirement benefits for its employees and board members. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties – IPSAS 20

The Entity 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. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

q) Service concession arrangements – IPSAS 32

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls,

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through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made: e.g.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity

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- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

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

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are

rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of ongoing programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

u) 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, 2014.

3. Rendering of services

	2014	2013
	Kshs	Kshs
Professional Licences	31,393,525	28,555,274
Registration of Premises	61,105,502	44,525,908
Wholesale Dealer Licence	12,394,500	11,973,255
Registration of Drug Fees	262,579,205	217,770,482
Pharmaceutical Representative Permit Licence	6,495,500	7,815,204
Registration of Pharmacist Fees	352,500	107,887
Manufacturing Licence	2,283,400	2,680,613
GMP Inspection	88,646,255	64,109,268
Trade Affairs Income	156,559,007	153,700,144
Total revenue from the rendering of services	621,809,394	531,238,035

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4. Other income

	2014	2013
	KShs	KShs
Advertising Fees	689,876	1,224,057
Exam Assessment and Training	21,401,240	21,948,713
Tenders	-	1,061,156
Miscellaneous Income	7,187,950	236,404
Interest Income	8,505,751	9,012,706
Total other income	37,784,817	33,483,036

5. Employee costs

	2014	2013
	Kshs	Kshs
Employee related costs - salaries and wages	48,768,158	44,668,607
Employee costs	48,768,158	44,668,607

6. Board expenses

	2014	2013
	KShs	KShs
Sitting	4,442,600	15,810,604
Lunch	216,000	702,000
Honoraria	600,000	600,000
Total councillors' remuneration	5,258,600	17,112,604

13. Depreciation and amortization expense

	2014	2013
	Kshs	KShs
Property, plant and equipment	15,651,396	12,322,998
Total depreciation and amortization	15,651,396	12,322,998

7. Repairs and maintenance

	2014	2013
	Kshs	Kshs
Property	4,990,965	3,461,377
Total repairs and maintenance	4,990,965	3,461,377



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8. General expenses

The following are included in general expenses:

	2014 Kshs	2013 Kshs
Travelling and accommodation	77,584,196	38,990,750
Printing and stationery	28,731,515	6,754,293
Motor vehicle expenses	12,830,303	13,756,563
Telephone and postage	3,200,125	4,236,078
Security	722,342	837,840
Training, seminars & conferences	14,312,455	38,560,401
Insurance	20,397,707	1,237,106
Advertising and publicity	23,065,910	8,248,765
Electricity & water	1,523,300	1,096,836
Audit fee	290,000	255,200
Legal fee	7,601,280	5,014,460
Office entertainment	6,788,737	4,112,421
Donations	9,897,549	2,574,729
It expenses	13,142,848	21,253,959
Rent & rates	305,320	378,734
Office cleaning	0	112,000
Uniform	296,160	755,350
Newspapers and conference	214,380	1,724,530
Consultancy	2,378,635	7,369,270
Total general expenses	223,282,764	157,269,285

9. Finance costs

	2014 Kshs	2013 Kshs
Bank charges	849,855	723,318
Total finance costs	849,855	723,318

10. Operating expenses/collection costs

	2014 Kshs	2013 Kshs
Drug analysis	3,599,600	807,200
Drug crime investigation	10,890,232	15,200,030
Exam assessment & training	17,191,040	16,687,009
GMP(Good manufacturer Practice)	81,122,167	96,174,423
Market Surveillance	29,689,102	6,046,900
Total	142,492,141	134,915,562



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11. Cash and cash equivalent

	2014	2013
	Kshs	Kshs
Cooperative bank Kshs	9,852,716	51,563,861
Barclays Bank Kshs	53,494,845	-
National bank Kshs	243,896,858	47,402,936
Barclays bank USD	374,121,972	406,897,253
National bank call deposit	-	76,025,790
Cooperative bank call deposit	100,408,633	94,340,231
Total	<u>781,775,024</u>	<u>676,230,071</u>

12. Trade and other receivables

	2014	2013
	Kshs	Kshs
Rent deposit	393,319	342,432
Prepayments	18,858,657	177,300
Trade debtors	17,422,341	17,422,341
Provision for bad and doubtful debts	(1,505,065)	(1,505,065)
Total deposits	<u>35,169,251</u>	<u>16,437,008</u>



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NOTE 13 FOR THE YEAR ENDED 30TH JUNE 2014

	Land	Building	Work in Progress (Building)	Office Partitioning	Motor Vehicles	Computer Equipment	Office Equip	Container	Furniture and Fittings	TOTAL
	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)
COST										
Rate(%)	Nil		Nil		25%	30%	12.50%	12.50%		
COST										
As at 01.07.12	75,000,000	50,000,000	69,882,444	-	47,276,412	28,477,460	1,644,387	490,000	18,473,117	291,243,820
Additions	-	-	56,446,462	1,212,050	5,299,479	4,274,360	360,195	-	-	67,592,546
Revaluation	-	-	-	-	-	-	-	-	-	-
As at 30.06.13	75,000,000	50,000,000	126,328,906	1,212,050	52,575,891	32,751,820	2,004,582	490,000	18,473,117	358,836,366
DEPRECIATION										
As at 01.07.12	-	3,657,031	-	-	26,829,451	22,004,300	242,189	161,739	9,747,358	62,642,068
Charge for the year	-	1,158,574	-	151,506	6,436,610	3,224,256	220,299	41,033	1,090,720	12,322,998
Acc dep as at 30.06.13	-	4,815,605	-	151,506	33,266,061	25,228,556	462,488	202,772	10,838,078	74,965,066
NBV as at 30.06.13	75,000,000	45,184,395	126,328,906	1,060,544	19,309,830	7,523,264	1,542,094	287,228	7,635,039	283,871,300
COST										
As at 01.07.13	75,000,000	50,000,000	126,328,906	1,212,050	52,575,891	32,751,820	2,004,582	490,000	18,473,117	358,836,366
Additions	-	-	85,282,319	-	14,120,620	7,381,725	81,164	-	2,935,350	109,801,178
Revaluation	-	-	-	-	-	-	-	-	-	-
As at 30.06.14	75,000,000	50,000,000	211,611,225	1,212,050	66,696,511	40,133,545	2,085,746	490,000	21,408,467	468,637,544
DEPRECIATION										
As at 01.07.13	-	4,815,605	-	151,506	33,266,062	25,228,556	462,488	202,771	10,838,078	74,965,066
Charge for the year	-	1,129,610	-	132,568	8,357,612	4,471,497	202,907	35,904	1,321,299	15,651,396
Acc dep as at 30.06.14	-	5,945,215	-	284,074	41,623,674	29,700,053	665,395	238,675	12,159,377	90,616,462
As at 30.06.14	75,000,000	44,054,785	211,611,225	927,976	25,072,837	10,433,492	1,420,351	251,325	9,249,090	378,021,082



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Pharmacy and Poisons Board

14. Trade and other payables from exchange transactions

	2014 Kshs	2013 Kshs
Trade payables	19,017,644	5,588,898
Other payables	7,483,795	7,208,919
Total trade and other payables	26,501,439	12,797,817

15. Revaluation reserve

	2014 Kshs	2013 Kshs
Revaluation of assets	6,479,649	6,479,649
Total	6,479,649	6,479,649

16 Accumulated Reserves

	2014 Kshs	2013 Kshs
As at 1 st July 2013	943,683,936	749,436,617
Surplus for the Period	218,300,332	194,247,319
As at 30th June 2014	1,161,984,268	943,683,936

