

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF**  
**PEST CONTROL PRODUCTS BOARD**

**FOR THE YEAR ENDED**  
**30 JUNE 2013**





KENYA NATIONAL AUDIT OFFICE  
P. O. Box 30084 - 00100, NAIROBI.

20 MAY 2014

RECEIVED

# **PEST CONTROL PRODUCTS BOARD**

## **FINAL ACCOUNTS FINANCIAL YEAR 2012/2013**

# **Pest Control Products Board**

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## **Pest Control Products Board**

### **Chairperson's Report**

I am pleased to present the Annual Report and the Financial Statement for the financial year 2012/2013 on the Pest Control Products Board operations.

The operations were carried out in accordance to the provisions of the Pest Control Products Act, Cap 346, Laws of Kenya under which the Board is established and based on the Strategic plan for 2011-2015.

The Board realized remarkable achievement in the regulation of pesticides and provision of service delivery to the public. The activities undertaken included registration of pesticides, quality control/assurance of pesticides through premises inspection and certification of products therein, investigations and prosecutions of non-compliances and continued public awareness creation on the safe and effective use of pesticides in partnership with the pesticide industry and other relevant stakeholders.

The Government, through The National Treasury has continued to fund the Board so as to facilitate the carrying out of these and other related activities. The Board now has, enhanced capacity in quality assurance of pesticides following the acquisition of key laboratory equipment.

The Board has made great strides in Human Resource Development by adopting and implementing a Human Resource Manual and Career guidelines. We also implemented a Retirement Benefits Scheme under which the members of staff were converted to permanent and pensionable terms of employment. With the approval of the Ministry of

## **Pest Control Products Board**

Agriculture, Livestock and Fisheries, we recruited more technical officers to enhance compliance and enforcement activities and have a wider reach within the country to cover points of entry.

We 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.



Mrs. Faith R. Mutwiri

**Chairperson**

## **Pest Control Products Board**

### ***CORPORATE INFORMATION***

#### **1. Vision**

To be a world class regulatory agency of pest control products

#### **2. Mission**

To provide professional, efficient and effective regulatory services for manufacture, trade, safe use and disposal of pest control products while ensuring safety to humans, animals and the environment.

#### **3. Nature of Business**

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

#### **4. Mandate**

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

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

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

## Pest Control Products Board

### 5. Auditors

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

### 6. Bankers

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

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

### 7. Registered Office

- Head Office  
Pest Control Products Board  
Po Box 13794 Nairobi-00800  
Tel +254-020-8021846/7/8  
Email: [pcpboard@todays.co.ke](mailto:pcpboard@todays.co.ke)  
URL : [Www.pcpb.or.ke](http://Www.pcpb.or.ke)
- Coast Regional Office  
Pest Control Products Board  
Po Box 10636 Bamburi 80101  
Tel +254-041-5487077  
Email: [coast.region@pcpb.or.ke](mailto:coast.region@pcpb.or.ke)
- Western Region Office  
Pest Control products Board  
Po Box 2757 Kisumu 40100  
Tel +254-020-8068933  
Email : [pcpboard@todays.co.ke](mailto:pcpboard@todays.co.ke)
- Eastern Region Office  
Pest Control products Board  
Po Box 2742 Embu 600100  
Tel +254-020-4446115/4450242  
Email : [pcpboard@todays.co.ke](mailto:pcpboard@todays.co.ke)

## Pest Control Products Board

### Board Members

	GAZETTE NOTICE	NAME	ORGANIZATION	BOARD STATUS
1.	No.13780 of 31/10/11 DoA 25/10/11	Ms. Faith Mutwiri	Member	Chairperson
2.	No.11623 of 06/09/11 DoA 25/08/11	Dr. Lusike Wasilwa	KARI	Rep. Director KARI
3.	"	Prof. Charles K. Maitai	Member	Member
4.	"	Mary Mwambia	MOL&FD	Rep. P/S
5.	"	Dr. Obadiah Njagi:	DVS	Rep: DVS DVS
6.	"	Mr. John Munguti	Min. of Industrialisation	Rep. P/S
7.	"	Agnes C. Yobterik	Min. of Environment & Natural Resources	Rep. P/S
8.	"	Kepha M. Ombacho	MOH	Rep. P/S
9.	"	L. Waweru Kariuki	Government Chemist	Government Chemist
10	"	Charles Gachahi	KEBS	Rep. Director
11	"	Joseph N. Mburu: Rep.	CRF	Rep. Director
12	"	Christopher Chirchir	Livestock Farmer Representative	Member
13	"	Abner Ingosi	MOA	Rep. A/S
14	"	Kelen W. Mwangi:	Min. of Water & Irrigation	Rep. P/S
15	No.5128 of 04/05/11 DoA 02/05/11	Noah K. Omanga	Crop Farmer Representative	Member
16	-	Inspector General	Inspector General, State Corporations	Christopher Makokha: Rep IG
17	-	Cheryl A. Majiwa	Ministry of Finance	Rep P/S
18	Co-opted 109 <sup>th</sup> Board of 14/12/11	Kuria Gatonye	Agrochemical Association of Kenya	Chairman
19	"	Dr. Stephen Mbithi	FPEAK	CEO

## **Pest Control Products Board**

### **Management Team**

Gladys N. Maina	- Secretary/Chief Executive Officer
Peter Opiyo	- Head, Registration and Analysis Department
Paul N. Ngaruiya	- Head, Compliance and Enforcement Department
Stanley Kimaru	- Head, Coast Regional Office
Peter M. Kimwelle	- Head, Western Regional Office
Fredrick Muchiri	- Head, Eastern Regional Office
Callen Okara	- Head, Human Resource and Administration
James M Mwaura	- Head, Finance/Planning

### **Board Committees**

#### **1) Technical and Registration Committee**

i) Prof. Charles K. Maitai	– Member	Chair
ii) Joseph N. Mburu	– Rep. CRF	Member
iii) Kepha M. Ombacho	– Rep. MOH	Member
iv) Mr. Abner Ingosi	– Rep. AS/MOA	Member
v) Dr. Obadiah N. Njagi	– Rep. DVS	Member
vi) Charles Gachahi	– Rep. Director KEBS	Member
vii) Agnes C. Yobterik	– Rep. MOEMR	Member
viii) L. Waweru Kariuki	– Rep. Government Chemist	Member

#### ***Terms of reference***

- To maintain a register of all pest control products being used in Kenya
- To maintain a register of all testing organizations
- To maintain a register of all licences of premises
- To maintain a register of all licences for import/export of pesticides
- To clarify the pesticides on the basis of toxicology, flash points and corrosiveness to spray gadgets as set out on the Third Schedule of the Act
- To index all pesticides
- Design model labels in accordance with the Act and Regulations
- To establish a data storage system on all pesticides

#### **2) Finance and Administration Committee**

i) Dr. Stephen Mbithi	Co-opted	Chair
ii) Noah K. Omanga	Rep. Farmers	Member

## **Pest Control Products Board**

iii) Kuria Gatonye	Rep. AAK	Member
iv) Mr. Abner Ingosi	Rep. MOA	Member
v) Cheryl A. Majiwa	Rep. MOF	Member
vi) Christopher Makokha	Rep. Inspectorate State Corp	Member
vii) Kelen W. Mwangi	Rep. MOWI	Member

### ***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.

### **3) Audit Committee**

i) Christopher Chirchir	Rep. Livestock farmers	Chairman
ii) Cheryl A. Majiwa	Rep. MOF	Member
iii) Mr. John Munguti	Rep. MOI	Member

### ***Terms of Reference***

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

### **4) Strategic Planning Committee**

#### ***Terms of Reference***

- To review the current strategic plan and come up with 5-year action plans that will inject efficiency in the Board
- To identify failures in the current action plans and find solutions to these areas
- To identify what has been achieved in the current strategic plan and come up with new time frames to achieve the targets
- To enrich the current strategic plan and suggest actions required.

## **Pest Control Products Board**

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

### ***Statement of Board Members Responsibilities***

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

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

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

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



**Ms. Faith R. Mutwiri**

Chairperson



**Peter Opiyo**

Secretary/Chief Executive

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON PEST CONTROL PRODUCTS BOARD FOR THE YEAR ENDED 30 JUNE 2013

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#### REPORT OF THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Pest Control Products Board set out on pages 9 to 18, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in capital and reserves and statement of cash flows 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 International Financial Reporting 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.

Management is also responsible for the submission of the 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(2) 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 assessment 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**

### **1.0 Budgetary Control**

The financial statements for the year ended 30 June, 2013 indicates that the Board overspent by Kshs.2,252,958 under the following expenditure items, contrary to the provisions of Section 12 of the State Corporation Act, Cap 446 which requires that prior approval in writing of the Minister and Treasury should be obtained in order to incur any expenditure for which provision has not been made in the approved annual estimates.

<b>Item</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>Kshs.</b>	<b>Expenditure</b>	<b>Kshs.</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Board Expenses	5,295,200	6,066,622	(771,422)
Donations	250,000	294,786	(44,786)
Honoraria	480,000	705,370	(225,370)
Purchase of Fungicides	145,000	177,115	(32,115)
Commuter Allowances	3,197,400	3,765,000	(567,600)
Other Personnel Allowances	<u>1,008,000</u>	<u>1,619,665</u>	<u>(611,665)</u>
<b>Total</b>	<b><u>10,375,600</u></b>	<b><u>12,628,558</u></b>	<b><u>(2,252,958)</u></b>

The Board was therefore in breach of the law.

### **2.0 Board Expenses**

According to Section 10(1) of the State Corporations Act, Cap 446 of the Laws of Kenya, the Chairman and member of a Board, other than the Chief Executive are to be paid sitting allowances from the funds of the state corporation upon attending Board and or committee meetings. However, during the year under audit review the Board paid a total of Kshs.75,000 to non- Board members in attendance during Board and committee meetings. The Board was therefore in breach of the Law to the extent of these payments.

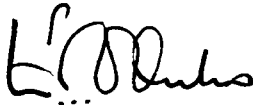
### **3.0 Cash and Bank Balances**

The statement of financial position as at 30 June, 2013 reflects the cash and bank balance of Kshs.464,756 which is net of a negative cash book balance of Kshs.1,717,019 in respect of the Kenya Commercial Bank (KCB), Account No.1106877357, contrary to the provisions of paragraph 32 of International Accounting Standard (IAS) No.1 which states that "An entity shall not offset assets and liabilities or income and expenses. In addition, the negative cash book balance of Kshs.1,717,019 in respect of KCB-Account No.1106877357 as reported under note 10 to the accounts differs with the reconciled negative cash book balance of Kshs.1,600,400 by Kshs.116,631.

Under the circumstances, it was not possible to confirm that the cash and bank balance of Kshs.464,756 as at 30 June, 2013 is fairly stated.

#### **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 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Pest Control Products Board Act, Cap 346 of the Laws of Kenya.



**Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**16 June 2014**

**Statement of Financial Position**

as at 30 June 2013

	NOTE	2012/2013		2011/2012	
		(Shs.)	(Shs.)	(Shs.)	(Shs.)
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	20	168,465,672		78,238,474	
Work in progress		20,329,732		47,412,717	
Intangible Assets	6	-	188,795,404	-	125,651,191
<b>Current Assets</b>					
Trade Receivables	7	2,299,722		1,515,032	
Investments	8	135,936,791		156,715,790	
Prepayments	9	2,956,894		1,476,952	
Accrued Income	17	-			
Bank/Cash Balances	10	464,756	141,658,163	10,271,743	169,979,517
<b>Total Assets</b>			<b>330,453,567</b>		<b>295,630,708</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Capital Reserves	13	34,942,682		34,942,682	
Revaluation Surplus		1,633,580		1,633,580	
Accumulated Surplus	14	256,157,061	292,733,323	205,601,917	242,178,179
<b>Current Liabilities</b>					
Trade Payables	11	37,463,804		53,202,529	
Provisions	12	256,439	37,720,243	250,000	53,452,529
<b>Total Equity and Liabilities</b>			<b>330,453,567</b>		<b>295,630,708</b>

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



Mrs. Faith R. Mutwiri  
Chairman



Peter Opiyo  
Secretary/Chief Executive

**Statement of Comprehensive Income**

*for the year ended 30 June 2013*

		<b>2012/2013</b>	<b>2011/2012</b>
	<b>Note</b>	(Shs.)	(Shs.)
<b>Revenue</b>			
Income from Core Activities	2	56,136,154	54,889,338
Government Grant	17	107,406,200	81,605,184
Other Receipts	3	10,019,846	13,341,784
<b>Total Revenue</b>		<b>173,562,200</b>	<b>149,836,306</b>
<b>Expenditure</b>			
Staff Costs	4	58,265,709	50,296,696
Administration Costs	4	44,257,783	49,561,084
Board Expenses	4	6,771,992	
Depreciation & Amortization	4	13,303,977	10,380,175
<b>Total Expenditure</b>		<b>122,599,460</b>	<b>110,237,955</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>50,962,739</b>	<b>39,598,351</b>

**Statement of Changes in Capital and Reserves.**

*For the year ended 30 June 2013*

	<b>Capital Reserves</b>	<b>Revaluation Reserves</b>	<b>Accumulated Surplus</b>	<b>Total</b>
	(Shs)	(Shs)	(Shs)	(Shs)
<b>At 1 July 2011</b>				
As Previously Stated	34,942,682	1,633,580	166,003,566	202,579,828
Prior Year Adjustments (Note 5)			407,595.00	407,595.00
As Restated	34,942,682	1,633,580	165,595,971	202,987,423
Revaluation Surplus				
Net surplus/(deficit) for the year (Restated)			39,598,351	39,598,351
<hr/>				
<b>At 30 June 2012</b>	<b>34,942,682</b>	<b>1,633,580</b>	<b>205,194,322</b>	<b>242,585,774</b>
At 1 July 2012	34,942,682.00	1,633,580.00	205,194,322.00	242,585,774.00
Net surplus/(deficit) for the year			50,962,739	50,962,739
<hr/>				
<b>At 30 June 2012</b>	<b>34,942,682</b>	<b>1,633,580</b>	<b>256,157,061</b>	<b>293,548,513</b>

**Pest Control products Board**

**Statement of Cash Flows**  
*for the year ended 30 June 2013*

		<b>2012/2013</b>	<b>2011/2012</b>
	<b>Note</b>	(Shs.)	(Shs.)
<b>Operating Activities</b>			
Cash generated from operations	16	(65,433,431)	(37,162,102)
<hr/>			
Net cash generated from operating activities		(65,433,431)	(37,162,102)
<hr/>			
<b>Investing Activities</b>			
Investment in Government Securities		16,715,790	(32,590,310)
Purchase of Property Plant & Equipment		(73,060,386)	(16,740,813)
Interest received		4,564,840	3,284,210
<hr/>			
Net cash used in investing activities		(51,779,756)	(46,046,913)
<hr/>			
<b>Financing Activities</b>			
Government grant		107,406,200	81,605,184
<hr/>			
Net cash generated from financing activities		107,406,200	81,605,184
<hr/>			
<b>Increase/(Decrease) in cash and cash equivalents</b>			
		(9,806,987)	(1,603,831)
<hr/>			
Cash and cash equivalents at the start of the year (Re-stated)		10,271,743	11,875,574
<hr/>			
Cash and cash equivalents at the end of the year		<b>464,756</b>	<b>10,271,743</b>

**Notes to the Financial Statements**

For the year ended 30 June 2013

**1 ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

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

**(b) Revenue Recognition**

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

**(c) Trade Receivables**

Trade receivables are stated at their nominal value

**(d) Property, Plant and Equipment**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any recognized impairment loss apart from freehold land which is not depreciated as it is deemed to have infinite life. Full depreciation is charged during the year of purchase of fixed assets and zero depreciation at the year of disposal.

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

**(e) Provision**

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

**(f) Retirement Benefits**

The human resource consists of 53 officers employed directly by PCPB and 7 officers deployed from central government. The former are employed on permanent and pensionable terms with a pension scheme provided by BRITAK Pension Fund at an individual contribution rate of 7.5% of the basic salary, and PCPB contributes 15% of individual basic salary. The latter are on the central government payroll and therefore on the government retirement pension scheme.

**2 Income from Core Activities (License Fees)**

	2012/2013	2011/2012
	Amount	Amount
1 Premises License	8,555,660	9,350,670
2 Product Export License	316,000	211,000
3 Product Import License	35,919,494	33,267,468
4 Product Introduction License	1,830,000	2,280,000
5 Product Registration License	4,035,000	2,640,000
6 Product Renewal License	5,480,000	7,140,200
<b>Total</b>	<b>56,136,154</b>	<b>54,889,338</b>

**3 Other Receipts**

	2012/2013	2011/2012
	Amount	Amount
1 Interest on Investment	9,449,055	11,722,147
2 Advance Interest	-	-
3 Miscellaneous	570,791	1,602,637
4 Disposal	-	17,000
5 Training Levy Fund	-	-
<b>Total</b>	<b>10,019,846</b>	<b>13,341,784.00</b>

## Pest Control products Board

### Notes to Financial statements Continued .....

#### 4 Expenditure

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

#### 5 Prior Year Adjustment

This relates to omissions in the financial statements prior prior years that were discovered and relate to reliable information that was available when those financial statements were prepared, and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. The omissions have been accounted for retrospectively by restating the opening balance of retained earnings.

The following expenses relating to F/Y 2011/2012, were carried forward as liabilities but they were not expensed therefore overcasting the net surplus for the year.

	Amount 'Kshs
Onjiambo and Co. Advocates	179,000.00
Total Kenya ltd	228,595.00
	<b>407,595.00</b>

#### 6 Work in progress

Work in progress asset represents work-in-progress at the Loresho plot

	2012/2013	2011/2012
	Amount	Amount
At the site	20,329,732	47,412,717.00
Balance C/F	<b>20,329,732</b>	<b>47,412,717.00</b>

#### 7 Trade Receivables

	2012/2013	2011/2012
	Amount	Amount
1 Dishonoured Cheques	79,160	97,110
2 Employees	425,643	244,715
3 Deposits	1,430,519	1,170,807
4 Ministry Of Home Affairs	362,000	
5 Paymaster General	2,400	2,400
<b>Total</b>	<b>2,299,722</b>	<b>1,515,032</b>

#### 8 Investments at Face value (Treasury Bills)

	2012/2013	2011/2012
	Amount	Amount
Face value Balance as at 31/06/2012	156,715,790	161,152,769
Addition/Reduction during the year	(16,715,790)	(1,152,769)
Add Advance interest	4,063,209	3,284,210
<b>Amount invested.</b>	<b>135,936,791</b>	<b>156,715,790</b>

#### 9 Prepayments

	2012/2013	2011/2012
	Amount	Amount
1 Insurance	2,656,127	1,167,356
2 Internet	4,382	13,147
3 Rent and Rates	296,385	296,449
<b>Total</b>	<b>2,956,894</b>	<b>1,476,952</b>

## Pest Control Products Board

### Notes to Financial statements Continued .....

#### 10 Cashbook Balances

		2012/2013	2011/2012
<b>Bank</b>		Amount	Amount
KCB	Revenue A/c No. 200-770-359	1,293,894	1,797,876.00
BBK	Revenue A/c No. 1026785	867,381	879,021.00
KCB	Operations A/c No. 200-771-681	(1,717,019)	7,594,846.00
Petty	Cash in hand	20,500	-
	<b>Total</b>	<b>464,756</b>	<b>10,271,743.00</b>

#### 11 Trade Payables

		2012/2013	2011/2012
		Amount	Amount
1	Telephone accrued expenses	38,703	37,902
2	Commissioner of VAT	-	-
3	Toyota East Afrca	-	-
4	Juanco	1,331,729	5,178,707
5	Donwoods ltd 8th Certificate	14,264,249	23,787,505
6	Donwoods Retention amount	6,700,982	
7	Consultants	6,065,483	18,446,505
8	Interest in Advance	4,063,209	3,284,210
9	Customers	16,000	
10	Suppliers	4,983,449	2,467,700
	<b>Total</b>	<b>37,463,804</b>	<b>53,202,529</b>

#### 12 Provisions

		2012/2013	2011/2012
		Amount	Amount
1	KENAO (Audit Provision for Audit fees)	250,000	250,000
2	Provision for doubtful debts	6,439	-
	<b>Total</b>	<b>256,439</b>	<b>250,000</b>

#### 13 Capital Reserves

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

#### 14 Accumulated Surplus

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

## Pest Control products Board

### Notes to Financial statements Continued .....

#### 15 Interest in Advance

This relates to interest received during the year that relates to investment that runs beyond the financial year.

#### 16 Cash generated from operations

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

	2012/2013	2011/2012
Surplus (Deficit) for the year	50,962,739	27,425,883
<i>Adjustments for:</i>		
Depreciation	13,303,977	9,344,112
Bad debts written off	24,250	
Amortization	-	1,600,000
Provision for Internal Audit fees	250,000	250,000
Government grant	(107,406,200)	(82,666,665)
Interest in advance Income	(4,564,840)	(2,847,094)
<i>Changes in working capital:</i>		
(Increase)/Decrease in Trade Receivables	(784,690)	(461,200)
Increase/(Decrease) in Trade Payables	(15,738,725)	5,254,174
(Increase)/Decrease in Prepayment	(1,479,942)	(275,914)
<b>Cash generated from operations</b>	<b>(65,433,431)</b>	<b>(42,376,704)</b>

#### 17 Government Grant

During the year PCPB received Government Grant as follows

Month	Receipt No.	Receipt Date	2012/2013	2011/2012
July			9,968,415	6,800,432
August			9,968,415	6,800,432
September			9,968,415	6,800,432
October			9,968,415	6,800,432
November			9,968,415	6,800,432
December			9,968,415	6,800,432
January			7,974,732	6,800,432
February			7,974,732	6,800,432
March			7,974,732	6,800,432
April			7,974,732	6,800,432
May			7,848,392	6,800,432
June			7,848,392	6,800,432
<b>Total</b>			<b>107,406,200</b>	<b>81,605,184</b>

#### 18 Employees

The number of employees at financial year end was 60 .

#### 19 Contingency

Pest Control Products Board has remote exposure to legal suits filed by third parties which could not be reliably established by the end of the Accounting period.

Notes to Financial statements Continued .....

20 Property, Plant and Equipment

	Depreciation Rate						Total
	Land 0%	Buildings 2%	Computer Equipment 33.3%	Office Equipment 12.5%	Office Furniture 12.5%	Motor vehicle 25%	
<b>Cost or valuation</b>							
As at 1 July 2012	35,000,000	17,758,087	7,185,165	3,118,611	2,686,707	36,866,066	118,907,936
Additions	-	88,536,393	2,630,295	30,195	357,512	10,147,000	103,531,175
Cost	35,000,000	106,294,480	9,815,460	3,148,806	3,044,219	47,013,066	222,439,111
<b>As at 30 June 2013</b>	<b>35,000,000</b>	<b>106,294,480</b>	<b>9,815,460</b>	<b>3,148,806</b>	<b>3,044,219</b>	<b>47,013,066</b>	<b>222,439,111</b>

Depreciation	
Balance as at 1 July 2012	-
Charge for the Year	535,061
Accumulated Depreciation	2,125,890
<b>As at 30 June 2013</b>	<b>2,660,951</b>

Net Book Value								
As at 30 June 2013	35,000,000	103,633,529	636,207	1,787,932	1,681,737	16,563,031	9,163,236	168,465,672
As at 30 June 2012	35,000,000	17,223,026	1,274,460	2,151,338	1,704,752	11,286,057	9,598,841	78,238,474

## Pest Control Products Board

	2012/2013 (Shs)	2011/2012 (Shs)
<b>INCOME</b>		
Gain on Disposal of Non-current Assets	-	17,000.00
Government Grants	107,406,200	81,605,184
Interest on Investment	9,449,055	11,722,147
License Fees Income	56,097,451	54,889,338
Miscellaneous	570,791	1,602,637
Training Levy Fund	-	-
<b>Total Income</b>	<b>173,523,497</b>	<b>149,819,306</b>
<b>EXPENDITURE</b>		
<b>Administration Cost</b>		
Advertising and Publicity	2,481,541	1,818,212
Audit fees	250,000	250,000
Bank Charges	70,562	156,651
Board Exeonses	-	-
Computer Expenses	850,416	226,584
Contracted Professional Services	3,256,636	1,612,813
Donations	294,786	133,618
Exhibitions and Shows	1,155,858	801,366
External Traveling	5,001,072	7,690,410
Electricity and Water	79,327	46,871
Insurance	2,297,021	590,745
Library Expenses	216,897	152,658
Maintenance of Buildings & Stations	1,428,590	336,967
Maintenance of Plant & Machinery & Equipmen	56,492	9,250
Motor Vehicle Maintenance	2,647,446	2,914,438
Miscellaneous & Consumerable Stores	852,426	880,237
Laboratory Consumables	107,335	433,465
Official Entertainment	365,700	1,407,072
Postal and Telegram	811,341	961,096
Printing & Publication	721,398	608,176
Purchase of Fungicides	177,115	110,908
Purchase of Staff Uniform	224,744	164,115
Purchase of Stationary	967,790	1,507,273
Rent & Rates	3,497,336	4,122,083
Telephone Expenses	198,448	144,867
Training Expenses	4,260,869	2,484,923
Transport Operating Expenses	3,639,368	3,818,987
Traveling & Accommodation	8,316,580	8,772,040
Bad debts written off	24,250	115,050
Provision for bad and doubtful debts	6,439	-
<b>Sub Total</b>	<b>44,257,783</b>	<b>42,270,875</b>
<b>Board Expenses</b>		
Honoraria	705,370	528,130
Board Expenses	6,066,622	6,762,079
<b>Sub Total</b>	<b>6,771,992</b>	<b>7,290,209</b>
<b>Depreciation &amp; Amortization</b>		
Amortization Expenses	-	-
Depreciation Expenses	13,303,977	10,380,175
<b>Sub Total</b>	<b>13,303,977</b>	<b>10,380,175</b>
<b>Staff Costs</b>		
Basic Salary and Wages	28,836,243	23,960,783
Commuter Allowance	3,765,000	3,175,300
Company N.S.S.F Contribution	3,384,865	3,022,325
House Allowance	12,494,000	11,158,100
Medical Allowances	2,690,120	2,982,220
Medical Expenses - Ex gratia	-	114,042
Medical Expenses - Inpatient	3,121,310	1,660,832
Other Personal Allowances	1,659,665	1,563,863
Passage & Leave Allowance	599,050	555,250
Service Gratuity	668,152	1,043,816
Telephone Allowance	1,047,304	1,060,165
<b>Sub Total</b>	<b>58,265,709</b>	<b>50,296,696</b>
<b>Grand Total Expenditure</b>	<b>115,827,468</b>	<b>110,237,955</b>

**TRIAL BALANCE FOR THE PERIOD ENDED 30th June 2012**

<u>Particulars</u>	<u>Debit</u>	<u>Credit</u>
Non-Current Assets	222,439,111	
Work in Progress	20,329,732	
Cash & Bank Balance	464,756	
Basic Salary and Wages	28,836,243	
House Allowance	12,494,000	
Passage & Leave Allowance	599,050	
Service Gratuity	668,152	
Transport Operating Expenses	3,639,368	
Traveling & Accommodation	8,316,580	
Postal and Telegram	811,341	
Telephone Expenses	198,448	
Official Entertainment	365,700	
Other Personal Allowances	1,659,665	
Telephone Allowance	1,047,304	
Electricity & Water	79,327	
Computer Expenses	850,416	
Purchase of Stationary	967,790	
Miscellaneous & Consumable Stores	852,426	
Laboratory Consumables	107,335	
Honoraria	705,370	
External Traveling	5,001,072	
Maintenance of Plant & Machinery & Equipment	56,492	
Maintenance of Buildings & Stations	1,428,590	
Maintenance of Motor Vehicles	2,647,446	
NSSF & RBA Contributions	3,384,865	
Insurance	2,297,021	
Bank Charges	70,562	
Library Expenses	216,897	
Commuter Allowance	3,765,000	
Medical Allowances	2,690,120	
Medical Expenses	3,121,310	
Medical Expenses - Ex Gratia	-	
Printing & Publication	721,398	
Rent & Rates (Non-residential)	3,497,336	
Trade receivables	2,293,283	
Prepayments	2,956,894	
Investment (treasury bill)	135,936,791	
Board Expenses	6,066,622	
Purchase of Samples	177,115	
Purchase of Staff Uniform	224,744	
Training Expenses	4,260,869	
Advertising and Publicity	2,481,541	
Donations	294,786	
Audit Fees	250,000	
Exhibitions and Shows	1,155,858	
Contracted Professional Services	3,256,636	
Depreciation	13,303,977	
Capital Reserves		34,942,682
Accrued telephone expenses		38,703
Interest in advance		4,063,209
Revaluation Surplus		1,633,580
Accumulated Fund		205,194,322
Miscellaneous Receipts		570,791
Provisions		256,439
Interest on Investment		9,449,055
Trade payables		33,363,466
License Fees Income		56,097,451
Government Grants		107,406,200
Accumulated Depreciation		53,973,439
	<b>506,989,337</b>	<b>506,989,337</b>

