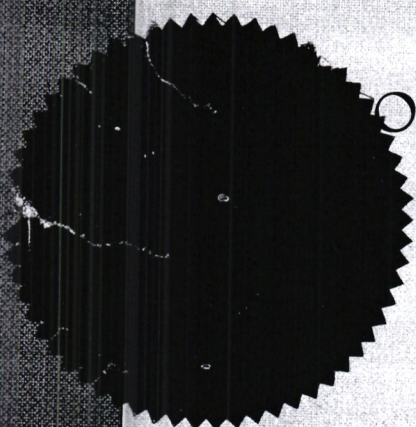


REPUBLIC OF KENYA



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REPORT

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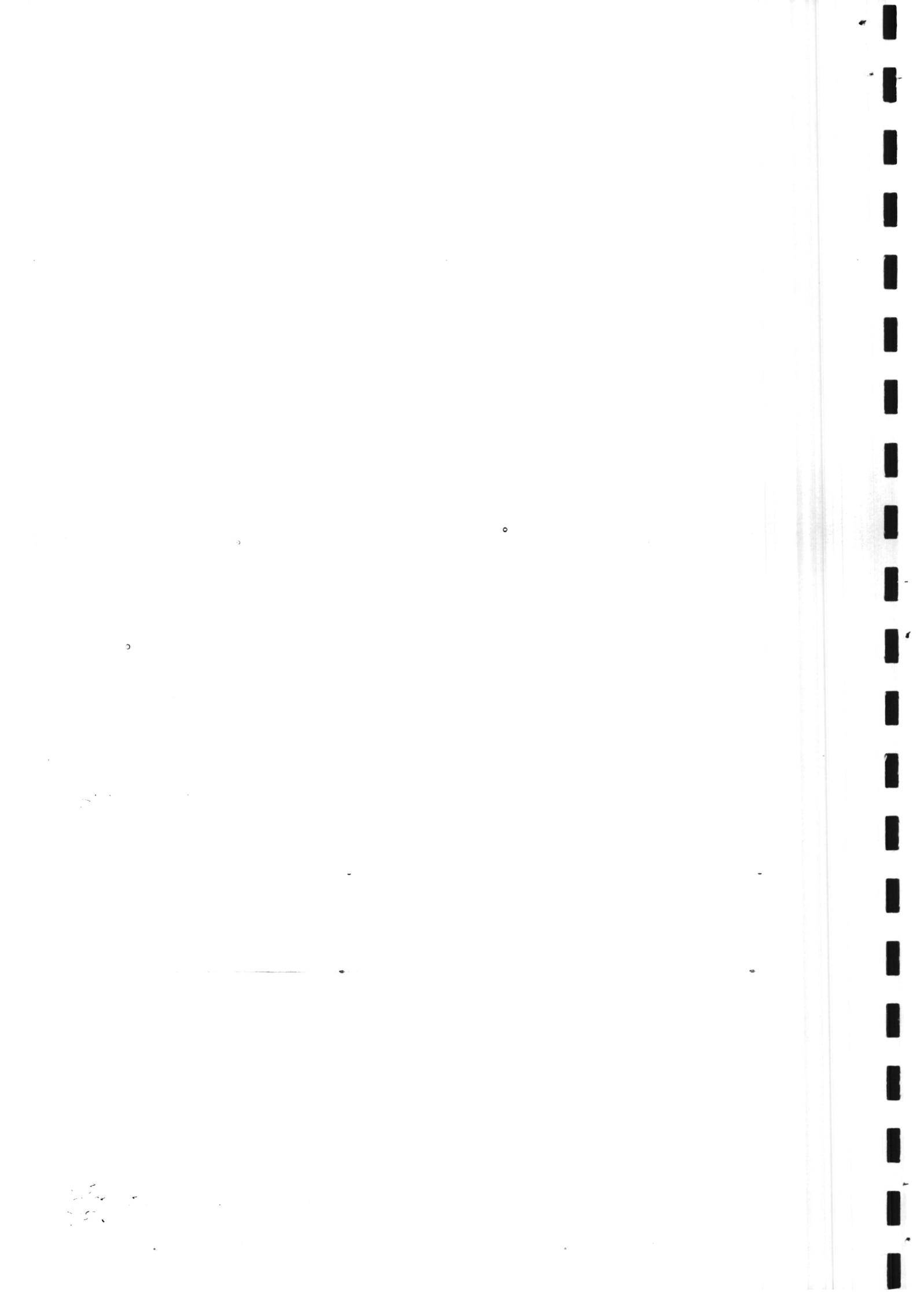
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
PEST CONTROL PRODUCTS BOARD

FOR THE YEAR
ENDED 30 JUNE 2015





PEST CONTROL PRODUCTS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2015

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

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KEY PEST CONTROL PRODUCTS BOARD INFORMATION AND MANAGEMENT

Background information

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

Principal Activities

Assessing the safety, efficacy, quality and economic value of pest control products with a view of registering them, if found suitable.

Assessing suitability of premises used for manufacture/formulation, storage and distribution of pest control products for purposes of licensing.

Processing and issuing import permits to ensure that only correct quantities of registered products are imported and in right quantities.

Advising the Minister on all matters relating to the Provisions of the Act and Regulations made there under.

Monitoring and ensuring adherence of quality standards of pest control products from production to use

Creating awareness of the general public on all aspects of safety, storage, handling and use of pest control products.

Investigating and prosecuting offences related to Pest Control Products Act.

Supervising the disposal of obsolete or undesired pest control products.

Key Management

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

The office of the chief Executive

Finance and Planning

Human resource and administration

Compliance and enforcement

Registration and Analysis

Fiduciary Management

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive	Peter Opiyo
2.	Chief Accountant	James Mwaura

Fiduciary officer Oversight Arrangements

Finance and Administration Committee

Terms of Reference

Deal with all financial and administration matters

Disburse payments

Maintain fully audited account record

Give service to client's effectively i.e. correspondence, requests etc.

Audit Committee

Terms of Reference

Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.

Reviewing audit issues raised by both internal and external auditors.

Resolving unsettled and unimplemented Public Accounts and

Public Investment Committees' (PAC/PIC) recommendations.

Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

Pest Control Products Board Headquarters

P.O. Box 13794-00800

PCPB Headquarters

Loresho

Nairobi, KENYA

Pest Control Products Board Contacts

Telephone: (254) 020-8021846/7/8

E-mail: md@pcpb.or.ke

Website: www.pcpb.or.ke

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

Pest Control Products Board Bankers

Kenya Commercial Bank Limited

Sarit Centre

P.O Box 14959-00800

Nairobi.

Barclays Bank of Kenya Limited

Westlands

P.O Box 14403-00300

Nairobi

Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P O. Box 30084

GOP 00100

Nairobi, Kenya

Principal Legal Adviser

The Attorney General

State Law Office




Harambee Avenue

P.O. Box 40112






City Square 00200

Nairobi, Kenya




THE BOARD OF DIRECTORS

	GAZETTE NOTICE	Name And Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	ORGANIZATION	BOARD STATUS
1.	No. 1737 of 17/03/2016 DoA 18/03/2016	Kuria Gatonye		Bsc, 24 years	Private	Chairman
2.	No.11623 of 6/9/2011 DoA 25/8/2011	Dr. Lusike Wasilwa		PhD, 28 years	KARI	Rep. Director KARI
3.	No.11623 of 6/9/2011 DoA 25/8/2011	Mary Mwambia		Msc, 30 years	MOL&FD	Rep. P/S
4.	No.11623 of 6/9/2011 DoA 25/8/2011	Dr. Esther Ng'ethe		Msc, 25 years	DVS	Rep: DVS DVS
5.	No.11623 of 6/9/2011 DoA 25/8/2011	Mr. John Munguti		MBA, 23 years	Min. of Industrialisation	Rep. P/S


PEST CONTROL PRODUCTS BOARD
 FINANCIAL STATEMENTS FOR THE YEAR ENDED
 30 JUNE 2015

	GAZETTE NOTICE	Name And Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	ORGANIZATION	BOARD STATUS
6.	"No.11623 of 6/9/2011 DoA 25/8/2011	Agnes C. Yobterik		Msc, 31 years	Min. of Environment & Natural Resources	Rep. P/S
7.	No.11623 of 6/9/2011 DoA 25/8/2011	Kepha M. Ombacho		PhD, 29 years	MOH	Rep. P/S
8.	No.11623 of 6/9/2011 DoA 25/8/2011	L. Waweru Kariuki		Bsc, 31 years	Government Chemist	Government Chemist
9.	No.11623 of 6/9/2011 DoA 25/8/2011	Charles Gachahi		Bsc, 31 years	KEBS	Rep:Director
10.	No.11623 of 6/9/2011 DoA 25/8/2011	Joseph N. Mburu: Rep.		Msc, 34 years	CRF	Rep:Director






PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

	GAZETTE NOTICE	Name And Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	ORGANIZATION	BOARD STATUS
11.	No.11623 of 6/9/2011 DoA 25/8/2011	Christopher Chirchir		Diploma, 35 years	Livestock Farmer Representative	Member
12.	-	Phineas Nyaga			State Department of Agriculture.	Rep. P/S
13.	No.11623 of 6/9/2011 DoA 25/8/2011	Kelen W. Mwangi:		Bsc, 33 years	Min. of Water & Irrigation	Rep:P/S
14.	No.4879 of 7/7/2014 DoA 2/5/2014	Noah K. Omanga		Bsc, 35 years	Crop Farmer Representative	Member
15.	Inattendance	Inspector General			Inspector General, State Corporations	Chrisologus Makhokha Rep ISC
16.	Co-opted Special Board of 17/11/2011	P/S		MBA, 10 years	Ministry of Finance	Cheryl A. Majiwa Rep P/S

PEST CONTROL PRODUCTS BOARD
 FINANCIAL STATEMENTS FOR THE YEAR ENDED
 30 JUNE 2015

	GAZETTE NOTICE	Name And Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	ORGANIZATION	BOARD STATUS
17.	Co-opted Special Board of 17/11/2011	Dr. Stephen Mbithi		PhD 12 years	FPEAK	Resigned on Nov ,3 2014

MANAGEMENT TEAM

Name	Key Professional and Academic qualifications	Passport size Photo	Area of responsibility
Peter Opiyo	Msc Analytical chemistry		Chief Executive Officer
James Mwaura	MBA (Finance), BBA (Finance and Accounting), CPAK		Head Finance and Planning.
Callen Okara	MBA (Human Resource).		Head Human Resource & Administration.
Dr. Paul Ngaruiya	PhD in Tropical Plant Sciences.		Head Registration & Analysis
Peter Kimweile	Bsc Agriculture, Honours in crop Science		Head of Enforcement and Compliance.

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

CHAIRMAN'S STATEMENT

I am elated to present the Annual Report and the Financial Statement for the financial year 2014/2015 on the Pest Control Products Board operations.

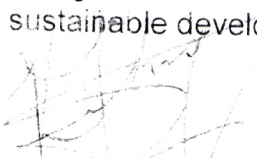
The operations were derived and guided by the provisions of the Pest Control Products Act, Cap 346, Laws of Kenya under which the Board is established and based on the Board's Strategic plan of 2011-2015.

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

To carry out these and other related activities, adequate resources were required and in this regard, I wish to recognize the Government funding to the Board which has enhanced its capacity to expand its operations including construction and occupation of the Boards Headquarters.

The Board continued to engage with key stakeholders in consultative forums in order to identify partnerships required for improved service delivery. The Board sustained and enhanced collaboration with both private and public institutions and other stakeholders in areas of strategic planning, research, public health, environment, animal health, agriculture, institutions of higher learning and national and international standards setting bodies.

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


Mr. Kuria Gatonye
Chairperson

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

REPORT OF THE CHIEF EXECUTIVE OFFICER

The Board is pleased to present the financial results for the year 2014/2015. During this period, the Board underwent a major transformation program that saw the construction of PCPB complex completed and occupied, kick off the North rift Office opening among other programs.

On operations, the Board has been instrumental in carrying out its mandate with the compliance and enforcement department inspecting approximately 7,035 premises compared to last year's 6,510 this represents a 8% increase. The Registration and analysis department received 223 applications against 135 in the previous year; 408 permits for trial purposes were issued against 201 received in the previous year. 244 applications were considered by the Board for registration of which 199 were approved against 136 approved in the previous period representing a 31% increase.

The income generated during the year both internal and external sources was approximately Kshs 174 million against Ksh 168 million the previous year, Which represents a 30% increase. The Board with its limited financial resources has been able to prudently manage and avoid debts without compromising on its mandate.

The Board over the years has been dogged by the challenge of human resource with the year under review having a total staff force of 69 against 61 in the previous period. In the period we also offered four internships and 2 attachments lasting between three and six months. This by all means is below the required human capital entrusted with a broad mandate for all Kenyans in terms of food security, safety and clean environment. It is our hope will improve to enable us serve the public better and more efficiently.

This being the final rap on the implementation of the Boards strategic plan cycle; it also set stage for drafting of a new one that will take the Board to a new level and claim its role on the nations achievement of its blue print, Vision 2030

The Board is also in advanced stage of repealing its Act to kowtow with the dynamics of the industry and also comply with new local and international requirements on the standards of pest control products. This will see the board being recognized the world over as a regulator

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

and agro business facilitator, ensuring food security, clean environment and also mitigate against the hazards stemming from use of pesticides.

In summary, the management is focused to improve the outlook of the Board from both within and without to effectively carry out its mandate prudently, professionally and without fear or favour.



Peter Opiyo
CEO/Secretary PCPB

CORPORATE GOVERNANCE STATEMENT

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

The Board continued to engage with key stakeholders in 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.

Board of Directors

The Board consists of, 19 directors. The Directors possess qualification and a wide range of expertise and experience to enable them to contribute in their capacities as Directors to the Pest Control Products Board.

Duties

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

The Board of Management meets quarterly or as required to continually review and monitor the company's progress with respect to strategic direction and operational effectiveness.

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

Board Committees

There are three Board committees, with written terms of reference to facilitate effective assistance to the Board to enable efficient decision making in executing their duties and responsibilities.

Delegation of the authority to the Board committees does not discharge the Board of its duties and responsibilities.

Technical and Registration Committee

Duties

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

Finance and Administration Committee

Duties

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

Audit Committee

Duties

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

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

- Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

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

PCPB's CSR Objectives are;

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

In Kenya effects of climate change and other environmental challenges are having an enormous impact not only on human life but also on business. The pressure on natural resources and the environment in general calls for concerted efforts to alleviate the situation. PCPB has actively participated in environmental conservation initiatives aimed at conserving catchment areas and other delicate ecosystems

PCPB staff has over the years participated in various community based initiatives the latest being sponsorship for AFFA International tea Marathon during the financial year under review other activities include, carrying out reforestation of the Mt. Kenya Forest that had been razed

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

by fire. PCPB adopted over 2Ha of the forest and planting over 2,000 seedlings in the Ontulili Forest in Nanyuki.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of the Pest Control Products Board's affairs.

Principal activities

The principal activities of the Pest Control Products Board are;

Assessing the safety, efficacy, quality and economic value of pest control products with a view of registering them, if found suitable.

Assessing suitability of premises used for manufacture/formulation, storage and distribution of pest control products for purposes of licensing.

Processing and issuing import permits to ensure that only correct quantities of registered products are imported and in right quantities.

Advising the Minister on all matters relating to the Provisions of the Act and Regulations made there under.

Monitoring and ensuring adherence of quality standards of pest control products from production to use.

Creating awareness of the general public on all aspects of safety, storage, handling and use of pest control products.

Investigating and prosecuting offences related to Pest Control Products Act.

Supervising the disposal of obsolete or undesired pest control products.

Directors

The members of the Board of Directors who served during the year are shown on page (v) In accordance with the provisions of the Pest Control Products Act, Cap 346, Laws of Kenya

Auditors

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

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Pest Control Products Board's financial statements, which give a true and fair view of the state of affairs of the Pest Control Products Board for and as at the end of the financial year (period) ended on June 30, 2015.

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

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

The Directors are of the opinion that the Pest Control Products Board's financial statements give a true and fair view of the state of Pest Control Products Board's transactions during the financial year ended June 30, 2015, and of the Pest Control Products Board's financial position as at that date.

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

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

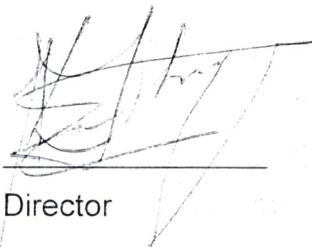
Nothing has come to the attention of the Directors to indicate that the Pest Control Products Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Pest Control Products Board's financial statements were approved by the Board on 30, June 2015 and signed on its behalf by:



Director



Director

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON PEST CONTROL PRODUCTS BOARD FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Pest Control Products Board set out on pages 1 to 24, which comprise a statement of financial position as at 30 June 2015, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 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 Public Sector Accounting Standards (Accrual Basis) 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 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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

Pest Control Products Board – Annual Report and Financial Statements for the year ended 30 June 2015

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. Presentation of the Financial Statements and Disclosures

Contrary to the requirement of International Public Sector Accounting Standards 1 on presentation of financial statements, the notes to the financial statements do not flow sequentially as they include notes 7, 8 and 9 which, however, do not originate from either the statement of financial performance or statement of financial position but instead, appear to originate from, and are part of note 10.

In addition, the statement of financial position reflects a balance of Kshs.293,524,838.00 under property, plant and equipment which is indicated as falling under note 23 to the financial statements while it actually falls under note 19. Further, the statement of financial position also reflects a balance of Kshs.30,684,781.00 under work-in-progress which is indicated as falling under note 23. However, the said note 23 does not exist in the notes to the financial statements.

No explanation was provided for the anomalies. Consequently, the completeness and accuracy of the financial statements could not be confirmed.

2. Investments

The statement of financial position reflects a balance of Kshs.79,760,686.00 under investments, described under note 13 to the accounts as investment at face value in Treasury bills. However, no documentary evidence was provided to support or confirm ownership of the investment. Consequently, the viability and ownership of the investment could not be confirmed.

3. Accuracy of the Financial Statements

i. Cash and Cash Equivalents

The cash and cash equivalents balance of Kshs.2,663,164.24 and as shown under note 11 to the accounts, includes a balance of Kshs.1,347,558.16 held at Kenya Commercial Bank, which differs with the amount of Kshs.1,335,088.16 reflected in

both the bank reconciliation statement and cash book by an unexplained and unreconciled difference of Kshs.12,470.00.

ii. Receipts

The statement of financial performance reflects, under other receipts, amounts totalling Kshs.17,089,587.00 described under note 4 to the accounts as being comprised of Kshs.5,790,280.00 from interest on investments and Kshs.11,299,307.00 from miscellaneous income. However, the Kshs.11,299,307.00 miscellaneous income was not supported with necessary information and documentation. Further, note 4 to the financial statements reflects a figure of Kshs.4,613,152.00 described as advance interest on investments which has not been included in the statement of financial performance.

Consequently, the completeness and validity of the total receipts figure of Kshs.174,402,118.00 could not be ascertained.

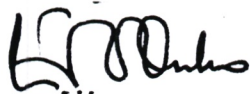
iii. Property, Plant and Equipment

The property, plant and equipment movement schedule under note 19 reflects additions during the year of Kshs.29,721,150.00 which, however, differs by an amount of Kshs.5,373,028.00 from the corresponding figure of Kshs.35,094,178.00 shown in the statement of cash flows. No explanation or reconciliations have been provided on the variances.

Consequently, the accuracy of the financial statements could not be confirmed.

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 Pest Control Products Board as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Pest Control Products Board Act, Cap. 346 of the Laws of Kenya.



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

Nairobi

17 October 2016

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

Statement of Financial Performance
For the year ended 30 June 2015

Note	2014/2015 (Shs.)	2013/2014 (Shs.)	
Revenue from non-exchange transactions			
License and Permits	4	71,185,491	66,739,765
Government Grant	3	86,127,040	96,437,306
Revenue from exchange transactions			
Other Receipts	4	17,089,587	5,464,785
Total Revenue		174,402,118	168,641,856
Expenses			
Staff Costs	5	78,563,079	70,415,090
Administration Expenses	10	52,176,901	51,936,343
Depreciation & Amortization	6	15,655,233	4,193,008
Total Expenditure		146,395,213	126,544,441
Net Surplus for the year		28,006,905	42,097,415

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2015

Statement of Financial Position

as at 30 June 2015

	NOTE	2014/2015		2013/2014	
		(Shs.)	(Shs.)	(Shs.)	(Shs.)
<u>ASSETS</u>					
Current Assets					
Receivable from exchange transactions	12	4,021,085		3,406,612	
Investments	13	79,760,686		74,670,883	
Bank/Cash Balances	11	2,663,164	<u>86,444,935</u>	(299,020)	<u>77,778,475</u>
Non-Current Assets					
Property, Plant and Equipment	19	293,524,838		279,458,921	
Work in progress	15	30,684,781		-	
Intangible Assets		-	<u>324,209,619</u>	-	<u>279,458,921</u>
Total Assets			<u>410,654,554</u>		<u>357,237,396</u>
<u>EQUITY AND LIABILITIES</u>					
Capital and Reserves					
Capital Reserves	16	34,942,682		34,942,682	
Revaluation Surplus	18	11,830,357		11,830,357	
Accumulated Surplus	17	327,816,664	<u>374,589,703</u>	299,809,759	<u>346,582,798</u>
Current Liabilities					
Trade Payables	14	5,028,510		10,400,854	
Provisions	15	31,036,341	<u>36,064,851</u>	253,744	<u>10,654,598</u>
Total Equity and Liabilities			<u>410,654,554</u>		<u>357,237,396</u>

The Financial Statements set out on pages 1 to 24 were signed on behalf of the Board by:

Secretary/Chief Executive

Chairman of the Board

Date: 19th December, 2015

Date: 19/12/15

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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Statement of Changes in net Assets

For the year ended 30 June 2015

	Capital Reserves	Revaluation Reserves	Accumulated Surplus	Total
	(Shs.)	(Shs.)	(Shs.)	(Shs.)
Balance as at 1 July 2013				
As Previously Stated	34,942,682	1,633,580	257,712,344	294,288,606
Prior Year Adjustments	-	-	-	-
As Restated	34,942,682	-	257,712,344	292,655,026
Revaluation Surplus	-	11,830,357.00	-	11,830,357.00
Net surplus/(deficit) for the year Restated)	-	-	42,097,415	42,097,415
At 30 June 2014	34,942,682	11,830,357	299,809,759	334,752,441
At 1 July 2014	34,942,682	11,830,357	299,809,759	334,752,441
Net surplus/(deficit) for the year	-	-	28,006,905	28,006,905
At 30 June 2015	34,942,682	11,830,357	327,816,664	374,589,703

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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Statement of Cash Flows

for the year ended 30 June 2015

	Notes	2014/2015 (Shs.)	2013/2014 (Shs.)
Cash flow from operating Activities			
License and Permits	4	71,185,491	66,739,765
Government grant and subsidies	3	86,127,040	96,437,306
Other Incomes, rentals and agency fees	4	17,089,587	6,218,957
		174,402,118	169,396,028
Payments			
Compensation to employees	5	78,563,079	70,415,090
Administration expenses	12	52,546,044	51,936,343
		131,109,122	122,351,433
Net cashflow from operating activities		43,292,995	47,044,594.96
Cashflow from Investing Activities			
Decrease/Increase in Investment in Government Securities	13	(5,236,634)	55,302,185
Purchase of Property Plant & Equipment	19	(35,094,178)	(103,110,556)
Net cash used in investing activities		(40,330,812)	(47,808,371)
Financing Activities			
Cashflow from financing activities		-	-
Increase/(Decrease) in cash and cash equivalents		2,962,184	-(763,776)
Cash and cash equivalents at the start of the year (Re-stated)		(299,020)	464,756
Cash and cash equivalents at the end of the year 11		2,663,164	(299,020)

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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Statement of Comparison of Budget and Actual amounts.

		Original Budget	Adjustments	Final Budget	Actual comparable basis	Performance Difference
	Revenue	2014/2015		2014-2015	2014-2015	2014-2015
640	Accumulated funds	60,000,000.00	-	60,000,000.00	60,000,000.00	-
	Interest from investments	5,000,000	-	5,000,000.00	5,790,279.86	790,279.86
660	License Fees	55,750,000	11,207,999.30	66,957,999.30	71,185,491.10	4,227,491.80
670	Miscellaneous Receipts	30,000	-	30,000.00	11,299,307.30	11,269,307.30
690	Government Grants	206,637,069	(120,510,028.98)	86,127,040.00	86,127,040.00	-
	Total Income	327,417,068.98	(109,302,029.68)	218,115,039.30	234,402,118.26	16,287,078.96
Code	Expenses					
131	Board Expenses	6,769,000	1,170,000.00	7,939,000.00	5,265,081.50	333,918.50
	Personnel Emoluments	106,082,231	21,401,313.00	127,483,544.00	78,563,078.60	6,117,839.40
	Operational Expenses	106,536,837	32,027,716.00	138,564,553.00	62,449,247.86	12,059,873.52
	Capital Expenditure	116,992,000	58,067,000.00	175,059,000.00	58,925,000.00	-
	Total	336,380,068.38	112,666,029.00	449,046,097.38	205,202,407.96	18,511,631.42

Notes to the Financial Statements

For the year ended 30 June 2015

NOTES TO THE FINANCIAL STATEMENTS

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 direct 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.

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

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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 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.

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 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.

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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 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 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. Depreciation is charged so as to write off the cost of valuation of property, plant and equipment to their residual values over their expected useful lives using the straight line method at the following rates: Equipment 12.5%

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(8years), Furniture 12.5% (8 years), Motor Vehicles 25% (4 years), Computer Equipment 33.3% (3 years), Lab equipment 12.5% (8 years).

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.

h) 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

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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

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The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an 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 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.

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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.

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

i) 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 reimbursements.

Contingent liabilities

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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

Retirement benefit plans

The Entity provides retirement benefits for its employees and councilors. 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

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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, 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.

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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 authorized 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.

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, 2015.

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 judgments, 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

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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

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 19.

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 reflects 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

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3. Transfers from other governments – gifts and services-in-kind

	2014-2015 Shs	2013-2014 Shs
Unconditional grants		
Operational grant	86,127,040	96,437,306
Other	-	-
	86,127,040	96,437,306
Conditional grants		
Total government grants and subsidies	86,127,039.60	96,437,306.000

4. Other income

	2014-2015 Shs	2013-2014 Shs
License fee income	71,185,491	66,739,765
Other receipts (Interest on Investments+ Miscellaneous incomes)	17,089,587	5,464,784
Total other income	88,275,078	72,204,549

Other receipts for cash flow purpose

Other receipts (Interest on Investments+ Miscellaneous incomes)	17,089,587	5,464,784
Advance interest on investments	4,613,151	754,172
Total other receipts	21,702,739	6,218,957

5. Employee costs

2014-2015	2013-2014
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	Shs	Shs
Basic Salary and Wages	41,245,913	34,790,5450
Commuter allowance	4,930,858	4,312,508
Comapany NSSF Contribution	5,773,590	4,058,313
House allowance	16,477,594	14,799,791
Medical allowance	1,218,129	3,436,305
Medical Expenses Exgratia	-	-
Medical Expenses Cover	3,955,489	2,985,577
Other Personal allowances	2,962,169	1,922,011
Passage and Leave allowances	665,000	603,000
Service Gratuity	228,337	2,374,740
Telephone Allowance	<u>1,106,000</u>	<u>1,132,300</u>
Employee costs	<u>78,563,079</u>	<u>70,415,090</u>

6. Depreciation and amortization expense

	2014-2015 Shs	2013-2014 Shs
Property, plant and equipment	15,655,233	4,193,008
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	<u>15,655,233</u>	<u>4,193,008</u>

7. Repairs and maintenance

	2014-2015 Shs	2013-2014 Shs
Property	558,804	936,585.00
Investment property – earning rentals	-	-
Equipment	338,656	714,984

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Vehicles	2,777,761	2,902,320
Other	-	-
Total repairs and maintenance	3,675,221	4,553,889

8. Contracted services

	2014-2015 Shs	2013-2014 Shs
Actuarial valuations	-	-
Property valuations	-	-
Others	3,444,157	2,487,908
Total contracted services	3,444,157	2,487,908

9. Grants and subsidies

	2014-2015 Shs	2013-2014 Shs
Social development	211,400	225,000
Total grants and subsidies	211,400	225,000

10. Administration Expenses

The following are included in general expenses:

	2014-2015 Shs	2013-2014 Shs
Advertising and Publicity	2,576,858	1,301,768
Audit fees	348,000	348,000
Bank Charges	152,120	85,585
Board Expenses	5,445,081	6,771,992
Computer Expenses	803,222	1,466,845
Contracted Professional Services	3,444,157	2,487,908
Donations	211,400	225,000
Exhibitions and Shows	1,416,972	1,297,443

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External Traveling	2,614,314	4,012,397
Electricity and Water	1,060,025	479,655
Insurance	1,599,616	1,780,670
Library Expenses	308,537	87,180
Maintenance of Buildings & Stations	558,804	936,585
Maintenance of Plant & Machinery & Equipment	338,656	714,984
Motor Vehicle Maintenance	2,777,761	2,902,320
Miscellaneous & Consumable Stores	2,037,525	1,477,502
Laboratory Consumables	647,955	214,890
Official Entertainment	732,419	691,474
Postal and Telegram	778,060	958,737
Printing & Publication	518,198	252,400
Purchase of Fungicides	436,223	299,264
Purchase of Staff Uniform	189,166	182,050
Purchase of Stationary	1,310,560	1,015,122
Rent & Rates	4,013,481	3,819,992
Telephone Expenses	165,829	192,332
Training Expenses	3,691,221	3,970,007
Transport Operating Expenses	4,296,558	4,645,351
Traveling & Accommodation	9,704,180	8,474,815
Bad debts written off	-	-
Increase/Decrease in Provisions	-	-
	52,176,901	51,092,268
	52,176,901	51,092,268

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11. Cash and cash equivalents

	2014-2015	2013-2014
	Shs	Shs
Bank		
731026785 BBK	39,376	(299,020)
1106876067 KCB	1,347,558	-
1106877357 KCB	1,276,231	-
Cash-on-hand and in transit	-	-
Short-term deposits	-	-
Total cash and cash equivalents	2,663,164	(299,020)

12. Receivables from exchange transactions

	2014-2015	2013-2014
	Shs	Shs
Current receivables		
Insurance general	-	-
Internet	-	-
Medical Insurance	1,977,744	924,166
City Council of Nairobi	292,655	292,655
PS Ministry lands and Housing	150,000	150,000
Postage and Mail	-	24,263
Office consumables	-	82,212
Other exchange debtors	1,600,685	2,299,722
Total current receivables	4,021,085	3,773,018
Non-current receivables		
Sporting bodies	-	-
Public organizations	-	-

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Less: impairment allowance	-	-
	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	-
Total receivables	4,021,085	3,773,018

13. Investments

Investments at Face value (Treasury Bills)	2014-2015	2013-2014
	Shs	Shs
Face value Balance as at 31/06/2014	74,670,883	135,936,791
Addition/Reduction during the year	7,598,176	(55,936,791)
Add Advance Interest	4,611,987	754,172
Interest income	5,790,280	5,329,117
Interest on matured investment (2083/061)	1,330,080	-
Tax on investment	-	-
Amount invested.	79,760,686	74,670,883
Investment at Face Value 30 June 2015	85,000,000	80,000,000

14. Trade and other payables from exchange transactions

	2014-2015	2013-2014
	Shs	Shs
1 Telephone accrued expenses	-	-
4 Juanco	-	-
5 Doonwood ltd 8th certificate	-	-
6 Contractors retention	-	5,373,028.00
7 Advance interest on investments	4,613,152	754,172.00
8 Customers	-	2,204,512.00
9 Suppliers	415,358	2,069,142.00
Total Total	5,028,5100	10,400,8540

15. Provisions

	2014-2015	2013-2014
	Shs	Shs
1 Provision for HQ Completion	30,684,781	-
2 KENAO (Audit Provision for Audit fees)	348,000	250,0000
3 Provision for doubtful debts	35,600	3,7440
Total	31,036,3410	253,744

16. Capital reserves

Capital reserve relates to a capital item (Lease hold land less valuation cost) provided by the Government of Kenya the solo shareholder of the entity.

17. Accumulated Surplus

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

18. Revaluation Surplus

This is valuation equity account that is adjusted upwards, caused by an upward valuation of capital assets and a resultant increase in the carrying value of such assets.

19. Property, plant and equipment								
	Land	Buildings	Computer Equipment	Office Equipment	Office Furniture	Motor Vehicle	Lab Equipment	Total
Depreciation Rate	0%	2%	33.3%	12.5%	12.5%	25%	12.5%	
Cost or valuation								
As at 1 July 2014	35,000,000	209,650,380	2,457,500	1,860,000	4,523,500	31,000,000	1,821,500	286,312,880
Additions	-	18,112,437	264,013	8,626,209	2,718,491	-	-	29,721,150
Revaluation Adjustment	-	-	-	-	-	-	-	-
As at 30 June 2015	35,000,000	227,762,817	2,721,513	10,486,209	7,241,991	31,000,000	1,821,500	316,034,030
Depreciation								
Balance as at 1 July 2014	-	6,853,959	-	-	-	-	-	6,853,959
Charge for the Year	-	4,555,256	906,264	1,310,776	905,249	7,750,000	227,688	15,655,233
Accumulated Depreciation	-	11,409,215	906,264	1,310,776	905,249	7,750,000	227,688	22,509,192
As at 30 June 2015	-	11,409,215	906,264	1,310,776	905,249	7,750,000	227,688	22 509,192
Net Book Value								
Valuation at 30 June 2015	35,000,000	216,353,601	1,815,249	9,175,433	6,336,742	23,250,000	1,593,813	293,524,838

