



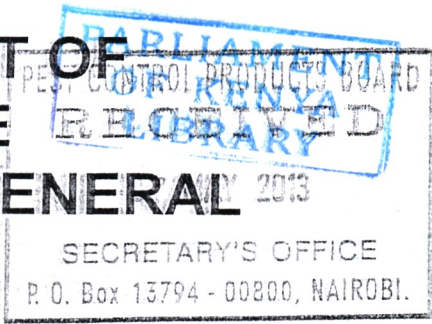
REPUBLIC OF KENYA



*Paper Laid*  
*By leader of majority*  
*Hon. Aden Duale*  
*on Tuesday 2/7/13*  
*[Signature]*

KENYA NATIONAL AUDIT OFFICE

REPORT OF  
THE  
AUDITOR-GENERAL



ON

THE FINANCIAL STATEMENTS OF  
PEST CONTROL PRODUCTS BOARD  
FOR THE YEAR ENDED  
30 JUNE 2012



**PEST CONTROL  
PRODUCTS BOARD**

**FINAL ACCOUNTS  
FINANCIAL YEAR 2011/2012**

## Pest Control Products Board

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## **Pest Control Products Board**

### **Chairman's Report**

I am elated to present the Annual Report and the Financial Statement for the financial year 2011/2012 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 2011-2014.

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

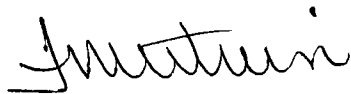
Carrying out these and other related activities required adequate funding and in this regard I, on behalf of the Board, wish to recognize the Government funding to the Board which has enhanced its capacity to expand its operations including acquiring key laboratory equipment that are necessary for quality assurance of pesticides. However, the performance of the Board continued to be challenged by the institutional status which curtails the Board's ability to enhance its staffing capacity, motivate and or retain qualified staff necessary for efficient and effective service delivery.

## **Pest Control Products Board**

Further in bringing services close to the public, the Board enhanced its capacity by opening a regional office in Embu.

The Board continued to engage with key stakeholders in consultative forums in order to identify partnerships needed 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 effective and efficient service delivery in pesticides regulations and trade facilitation for improved agricultural productivity, safe guarding of human health and environment and promotion of sustainable development.



Mrs. Faith R. Mutwiri

Chairman

## **Pest Control Products Board**

### **CORPORATE INFORMATION**

#### **1. Vision**

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

#### **2. Mission**

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

#### **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 includes the following activities:

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

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

## 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.10332 of 7/11/08 DoA 31/10/08	Prof. Anastasia N. Guantai	University of Nairobi.	Chairman
2.	No.8439 of 12/9/08 DoA 12/8/08	Dr. Lusike Wasilwa	KARI	Rep. Director KARI
3.	"	Prof. Charles K. Maitai	University of Nairobi	Member
4.	"	Mary Mwambia	MOL&FD	Rep. P/S
5.	"	Dr. Obadiah Njagi:	DVS	Rep: DVS DVS
6.	"	Dr. Joseph Kiplagat	Min. of Industrialisation	Rep. P/S
7.	"	Caroline N. Wamai	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 Makhokha: Rep IG
17	-	P/S	Ministry of Finance	Omune: Rep P/S
18	Co-opted 97 <sup>th</sup> Board of 26/2/09	A.K Otieno	Agrochemical Association of Kenya	Chairman
19	"	Dr. Stephen Mbithi	FPEAK	CEO
20	"	Mr. Samuel Ochieng	CIAN	CEO

## **Pest Control Products Board**

### **Management Team**

Gladys N. Maina	- Secretary/Chief Executive Officer
Peter Opiyo	- Head, Registration and Analysis Department
Stanley M. Miyogo	- Head, Inspection and Licensing 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/Accounting

### **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) Caroline N. Wmai	– Rep. MOEMR	Member
viii) Kelen W. Mwangi	– Rep. MOWI	Member
ix) 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	Chairman
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## **Pest Control Products Board**

ii) Noah K. Omanga	Rep. Farmers	Member
iii) A.K. Otieno	Rep. AAK	Member
iv) Mr. Abner Ingotsi	Rep. AS/MOA	Member
v) Titus Kariuki	Rep. MOF	Member
vi) Christopher Makokha	Rep. Inspectorate State Corp	Member
vii) Christopher Chirchir	Rep. Livestock Farmers	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**

#### *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.
- To identify areas in the action plans that requires lobbying for support especially from the members of parliament, permanent secretary and other stakeholders.

## **Pest Control Products Board**

- 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.

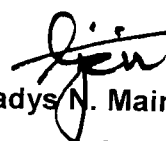
The Board Members are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Board and of its operating results. The Board Members further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation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



**Mrs. Faith R. Mutwiri**

Chairman



**Gladys N. Maina**

Secretary/Chief Executive

REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: [cag@kenyaweb.com](mailto:cag@kenyaweb.com)

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 2012

#### REPORT ON 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 2012, 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.

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 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 audit opinion.

### **Basis for Qualified Opinion**

#### **Trade Payables**

Under note 16 to the statement of cash flows, the decrease in trade payables is indicated as Kshs.1,814,859 whereas the statement of financial position reflects Kshs.42,563,648. As a result, it has not been possible to ascertain that the trade payables balance of Kshs.53,202,529 as at 30 June 2012 has been fairly stated in the financial statements.

### **Qualified Opinion**

In my opinion, except for the effects of the matter 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 2012, 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

26 April 2013

**Pest Control Products Board**

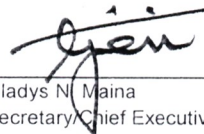
**Statement of Financial Position**  
as at 30 June 2012

	NOTE	2011/2012		2010/2011	
		(Shs.)	(Shs.)	(Shs.)	(Shs.)
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	20	78,238,474		71,877,836	
Work in progress		47,412,717			
Intangible Assets	6	-	125,651,191	-	71,877,836
<b>Current Assets</b>					
Trade Receivables	7	1,515,032		977,060	
Investments	8	156,715,790		127,409,690	
Prepayments	9	1,476,952		1,328,549	
Accrued Income	17	-			
Bank/Cash Balances	10	10,271,743	169,979,517	11,875,574	141,590,873
<b>Total Assets</b>			<b>295,630,708</b>		<b>213,468,709</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	205,601,917	242,178,179	166,003,566	202,579,828
<b>Current Liabilities</b>					
Trade Payables	11	53,202,529		10,638,881	
Provision for Audit Fees	12	250,000	53,452,529	250,000	10,888,881
<b>Total Equity and Liabilities</b>			<b>295,630,708</b>		<b>213,468,709</b>

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



Mrs. Faith R. Mutwiri  
Chairman



Gladys N. Maina  
Secretary/Chief Executive

Pest Control Products Board

**Statement of Comprehensive Income**

*for the year ended 30 June 2012*

		2011/2012	2010/2011
	Note	(Shs.)	(Shs.)
<b>Revenue</b>			
Income from Core Activities	2	54,889,338	47,588,159
Government Grant	17	81,605,184	82,666,665
Other Receipts	3	13,341,784	3,302,216
<b>Total Revenue</b>		<b>149,836,306</b>	<b>133,557,040</b>
<b>Expenditure</b>			
Staff Costs	4	50,296,696	47,908,224
Administration Costs	4	49,561,084	47,278,821
Depreciation & Amortization	4	10,380,175	10,944,112
<b>Total Expenditure</b>		<b>110,237,955</b>	<b>106,131,157</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>39,598,351</b>	<b>27,425,883</b>

**Pest Control Products Board**

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

*For the year ended 30 June 2012*

	<b>Capital Reserves</b>	<b>Revaluation Reserves</b>	<b>Accumulated Surplus</b>	<b>Total</b>
	(Shs )	(Shs )	(Shs )	(Shs )
<b>At 1 July 2010</b>				
As Previously Stated	34,942,682	1,633,580	138,577,683	175,153,945
Prior Year Adjustments (Note 5)				-
As Restated	34,942,682	1,633,580	138,577,683	175,153,945
Revaluation Surplus				
Net surplus/(deficit) for the year (Restated)			27,425,883	27,425,883
<hr/>				
<b>As 30 June 2011</b>	<b>34,942,682</b>	<b>1,633,580</b>	<b>166,003,566</b>	<b>202,579,828</b>
<hr/>				
Bad debts written Off 2011/2012				
<b>At 1 July 2011</b>	<b>34,942,682</b>	<b>1,633,580</b>	<b>166,003,566</b>	<b>202,579,828</b>
<hr/>				
Net surplus/(deficit) for the year			39,598,351	39,598,351
<hr/>				
<b>At 30 June 2012</b>	<b>34,942,682</b>	<b>1,633,580</b>	<b>205,601,917</b>	<b>242,178,179</b>

## Pest Control products Board

### Statement of Cash Flows for the year ended 30 June 2012

		2011/2012	2010/2011
	Note	(Shs.)	(Shs.)
<b>Operating Activities</b>			
Cash generated from operations	16	( 37,162,102)	( 42,876,704)
<hr/>			
Net cash generated from operating activities		( 37,162,102)	( 42,876,704)
<b>Investing Activities</b>			
Investment in Government Securities		(32,590,310)	( 35,333,389)
Purchase of Property Plant & Equipment		(16,740,813)	( 17,846,391)
Interest received		3,284,210	2,847,094
<hr/>			
Net cash used in investing activities		( 46,046,913)	( 50,332,686)
<b>Financing Activities</b>			
Government grant		81,605,184	82,666,665
<hr/>			
Net cash generated from financing activities		81,605,184	82,666,665
<hr/>			
<b>Increase/(Decrease) in cash and cash equivalents</b>		( 1,603,831)	( 10,542,725)
Cash and cash equivalents at the start of the year (Re-stated)		11,875,574	22,418,299
<hr/>			
Cash and cash equivalents at the end of the year		<b>10,271,743</b>	<b>11,875,574</b>

## Notes to the Financial Statements

For the year ended 30 June 2012

### 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)	2011/2012	2010/2011
	Amount	Amount
1 Premises License	9,350,670	9,459,887
2 Product Export License	211,000	607,000
3 Product Import License	33,267,468	27,680,272
4 Product Introduction License	2,280,000	1,361,000
5 Product Registration License	2,640,000	2,380,000
6 Product Renewal License	7,140,200	6,100,000
<b>Total</b>	<b>54,889,338</b>	<b>47,588,159</b>

3 Other Receipts	2011/2012	2010/2011
	Amount	Amount
1 Interest on Investment	11,722,147	2,847,094.00
2 Miscellaneous	1,602,637	455,122.00
3 Disposal of Old Stores	17,000	-
4 Training Levy Fund	-	-
<b>Total</b>	<b>13,341,784</b>	<b>3,302,216.00</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.

#### 6 Work in progress

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

	2011/2012	2010/2011
	Amount	Amount
Balance B/F	-	
At the site	47,412,717	
Balance C/F	47,412,717	-

#### 7 Trade Receivables

	2011/2012	2010/2011
	Amount	Amount
1 Dishonoured Cheques	97,110	212,160
2 Employees	244,715	44,500
3 Deposits	1,170,807	718,000
4 Paymaster General	2,400	2,400
<b>Total</b>	<b>1,515,032</b>	<b>977,060</b>

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

	2011/2012	2010/2011
	Amount	Amount
Face value Balance as at 31/06/2012	127,409,690	93,666,611
Addition/Reduction during the year	32,590,310	35,333,389
Add Advance interest	3,284,210	(1,590,310)
<b>Amount invested.</b>	<b>156,715,790</b>	<b>127,409,690</b>

#### 9 Prepayments

	2011/2012	2010/2011
	Amount	Amount
1 Insurance	1,167,356	1,030,694
2 Internet	13,147	
3 Rent and Rates	296,449	297,856
<b>Total</b>	<b>1,476,952</b>	<b>1,328,550</b>

## Pest Control Products Board

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

#### 10 Cashbook Balances

	2011/2012	2010/2011
<u>Bank</u>	Amount	Amount
KCB Revenue A/c No. 200-770-359	1,797,876	10,933,112
BBK Revenue A/c No. 1026785	879,021	3,987,000
KCB Operations A/c No. 200-771-681	7,594,846	(3,044,538)
Petty Cash in hand	-	-
<b>Total</b>	<b>10,271,743</b>	<b>11,875,574</b>

#### 11 Trade Payables

	2011/2012	2010/2011
	Amount	Amount
1 Telephone accrued expenses	37,902	25,885
2 Commissioner of VAT	-	
3 Toyota East Afrca	-	
4 Juanco	5,178,707	
5 Donwoods ltd	23,787,505	
6 Consultants	18,446,505	1,590,299
4 Interest in Advance	3,284,210	
5 Suppliers	2,467,700	9,022,697
<b>Total</b>	<b>53,202,529</b>	<b>10,638,881</b>

#### 12 Provisions

	2011/2012	2010/2011
	Amount	Amount
1 KENAO (Audit Provision for Audit fees)	250,000	250,000
<b>Total</b>	<b>250,000</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

	2011/2012	2010/2011
Surplus (Deficit) for the year	39,598,351	27,425,883
<i>Adjustments for:</i>		
Depreciation	10,380,175	9,344,112
Amortization	-	1,600,000
Provision for Internal Audit fees	250,000	250,000
Government grant	(81,605,184)	(82,666,665)
Interest in advance Income	(3,284,210)	(2,847,094)
<i>Changes in working capital:</i>		
(Increase)/Decrease in Trade Receivables	(537,972)	(461,200)
Increase/(Decrease) in Trade Payables	(1,814,859)	5,254,174
(Increase)/Decrease in Prepayment	(148,403)	(275,914)
<b>Cash generated from operations</b>	<b>(37,162,102)</b>	<b>(42,376,704)</b>

**17 Government Grant**

During the year PCPB received Government Grant as follows

Month	Receipt No.	Receipt Date	2011/2012	2010/2011
July			6,800,432	7,166,666
August			6,800,432	7,166,666
September			6,800,432	7,166,666
October			6,800,432	7,166,666
November			6,800,432	7,166,666
December			6,800,432	7,166,666
January			6,800,432	7,166,666
February			6,800,432	7,166,666
March			6,800,432	7,166,666
April			6,800,432	7,166,666
May			6,800,432	7,166,666
June			6,800,432	3,833,333
<b>Total</b>			<b>81,605,184</b>	<b>82,666,659</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

	Land	Buildings	Computer Equipment	Office Equipment	Office Furniture	Motor vehicle	Lab Equipment	Total
	0%	2%	33.3%	12.5%	12.5%	25%	12.5%	
<b>Cost or valuation</b>								
As at 1 July 2011	35,000,000	8,994,950	7,126,750	3,015,002	2,659,467	29,133,334	16,237,620	102,167,123
Additions	-	8,763,137	58,415	103,609	27,240	7,732,732	55,680	16,740,813
Cost	35,000,000	17,758,087	7,185,165	3,118,611	2,686,707	36,866,066	16,293,300	118,907,936
<b>As at 30 June 2012</b>	<b>35,000,000</b>	<b>17,758,087</b>	<b>7,185,165</b>	<b>3,118,611</b>	<b>2,686,707</b>	<b>36,866,066</b>	<b>16,293,300</b>	<b>118,907,936</b>
<b>Depreciation</b>								
Balance as at 1 July 2011	-	179,899	3,518,045	577,447	646,117	20,709,983	4,657,796	30,289,287
Charge for the Year	-	355,162	2,392,660	389,826	335,838	4,870,026	2,036,663	10,380,175
Accumulated Depreciation	-	535,061	5,910,705	967,273	981,955	25,580,009	6,694,459	40,669,462
<b>As at 30 June 2012</b>	<b>-</b>	<b>535,061</b>	<b>5,910,705</b>	<b>967,273</b>	<b>981,955</b>	<b>25,580,009</b>	<b>6,694,459</b>	<b>40,669,462</b>

**Net Book Value**

<b>As at 30 June 2012</b>	<b>35,000,000</b>	<b>17,223,026</b>	<b>1,274,460</b>	<b>2,151,338</b>	<b>1,704,752</b>	<b>11,286,057</b>	<b>9,598,842</b>	<b>78,238,474</b>
As at 30 June 2011	35,000,000	8,815,051.00	3,608,705	2,437,555	2,013,350	8,423,351	11,579,825	71,877,837

## Pest Control Products Board

<b>INCOME</b>	<b>2011/2012</b> (Shs)	<b>2010/2011</b> (Shs)
Gain on Disposal of Non-Current Assets	17,000.00	-
Government Grants	81,605,184	82,666,665
Interest on Investment	11,722,147	2,847,094
License Fees Income	54,889,338	47,588,159
Miscellaneous	1,602,637	455,122
Training Levy Fund	-	-
<b>Total Income</b>	<b>149,836,306</b>	<b>133,557,040</b>

### **EXPENDITURE**

<b>Administration Cost</b>		
Advertising and Publicity	1,818,212	2,142,942
Audit fees	250,000	250,000
Bank Charges	156,651	113,197
Board Expenses	6,762,079	5,247,685
Computer Expenses	226,584	602,037
Contracted Professional Services	1,612,813	1,538,560
Donations	133,618	84,988
Exhibitions and Shows	801,366	1,048,433
External Traveling	7,690,410	4,038,593
Electricity and Water	46,871	68,915
Honoraria	528,130	540,000
Insurance	590,745	1,557,937
Library Expenses	152,658	538,455
Maintenance of Buildings & Stations	336,967	1,751,163
Maintenance of Plant & Machinery & Equipment	9,250	160,605
Motor Vehicle Maintenance	2,914,438	2,464,836
Miscellaneous & Consumerable Stores	880,237	709,281
Laboratory Consumables	433,465	1,425,966
Official Entertainment	1,407,072	511,332
Postal and Telegram	961,096	268,476
Printing & Publication	608,176	1,472,981
Purchase of Fungicides	110,908	80,158
Purchase of Staff Uniform	164,115	106,720
Purchase of Stationary	1,507,273	1,673,726
Rent & Rates	4,122,083	1,812,014
Telephone Expenses	144,867	244,583
Training Expenses	2,484,923	2,874,406
Transport Operating Expenses	3,818,987	3,421,388
Traveling & Accommodation	8,772,040	10,529,444
Bad debts written off	115,050	
<b>Sub Total</b>	<b>49,561,084</b>	<b>47,278,821</b>
<b>Depreciation &amp; Amortization</b>		
Amortization Expenses	-	1,600,000
Depreciation Expenses	10,380,175	9,344,112
<b>Sub Total</b>	<b>10,380,175</b>	<b>10,944,112</b>
<b>Staff Costs</b>		
Basic Salary and Wages	23,960,783	18,132,384
Commuter Allowance	3,175,300	2,870,100
Company N.S.S.F Contribution	3,022,325	118,000
House Allowance	11,158,100	10,834,000
Medical Allowances	2,982,220	2,999,280
Medical Expenses - Ex gratia	114,042	-
Medical Expenses - Inpatient	1,660,832	1,875,076
Other Personal Allowances	1,563,863	873,144
Passage & Leave Allowance	555,250	521,000
Service Gratuity	1,043,816	8,884,240
Telephone Allowance	1,060,165	801,000
<b>Sub Total</b>	<b>50,296,696</b>	<b>47,908,224</b>
<b>Grand Total Expenditure</b>	<b>110,237,955</b>	<b>106,131,157</b>