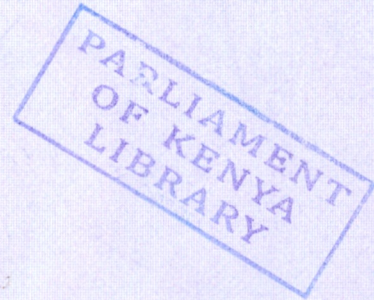


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE

AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA PLANT HEALTH
INSPECTORATE SERVICE
FOR THE YEAR ENDED
30 JUNE 2013**

*Paper laid on
25 Feb 2014
by Leader of
Majority*



KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI.
16 DEC 2013
RECEIVED



KEPHIS

**FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30TH JUNE
2013**



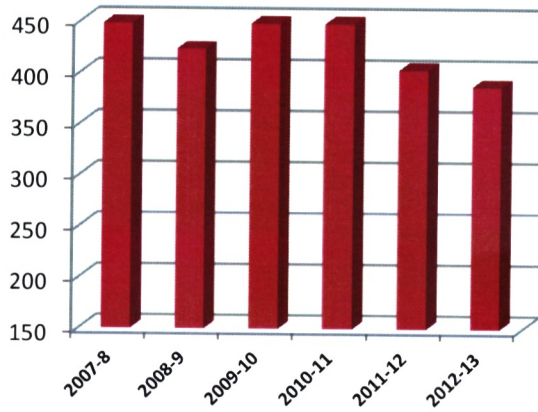
**KENYA PLANT HEALTH INSPECTORATE
SERVICE**

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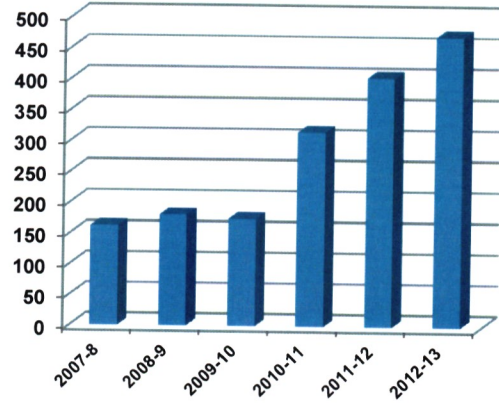
Page	
3	Five (5) Years Financial Highlights
4-7	KEPHIS Information
8	Directors' Report
9-12	Financial Statements
13-25	Notes to the Financial Statements

SIX YEARS HIGHLIGHTS

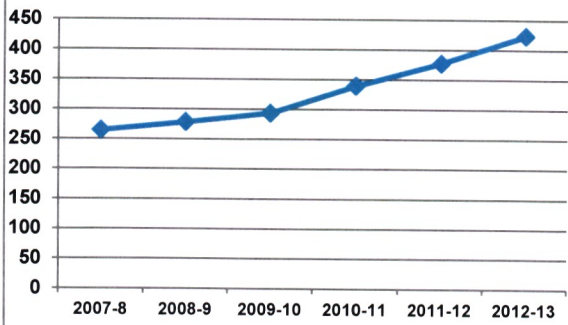
GOK Grant in KES Millions



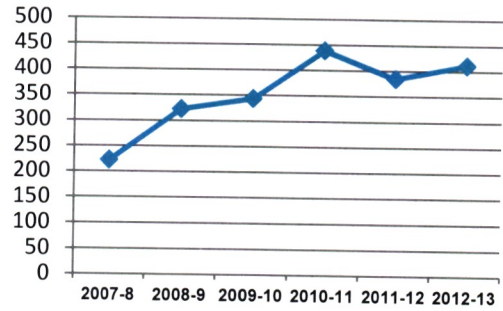
Revenues in KES Millions



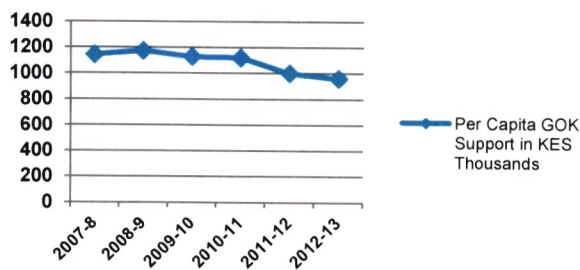
Staff Costs in KES Millions



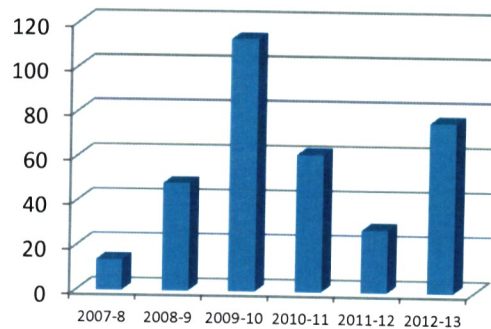
Other Operating Costs in KES Millions



Per Capita GOK Support in KES Thousands



Donor Grants in KES Millions



KEPHIS INFORMATION

AUDITORS : Kenya National Audit Office
: P.O Box 30084-00100
: NAIROBI

PRINCIPAL BANKERS : Kenya Commercial Bank Ltd
: P.O Box 7206-00100
: NAIROBI

OTHER BANKERS : Commercial Bank of Africa
: P. O Box 30437 00100
: NAIROBI

REGISTERED OFFICE : Kenya Plant Health Inspectorate Service
: P.O BOX 49592-00100
: NAIROBI

DOMICILE : KENYA

BOARD OF DIRECTORS

The Board of Directors during the year comprised of the following:

- Prof. Daniel Mukunya
- Mr. Joseph K. Nthiwa
- Mrs Serah N. Kinyua
- Mr. Patrick Afwande
- Mr. Reuben K. Yegon – Appointed 18.01.2013
- Permanent Secretary, Ministry of Finance – Alternate – Mr. Joseph Kariuki
- Permanent Secretary, Ministry of Agriculture – Alternate – Mr. Joseph Ngetich (up to March, 2012) Dr. Wilson A. Songa (w.e.f. March, 2012)
- Dr. James M. Onsando – Managing Director/Secretary to the Board

SENIOR MANAGEMENT

- Dr. Esther Kimani – General Manager Phytosanitary Services
- Dr. Simeon K. Kogo – General Manager Quality Assurance
- Mr. Stephen K. Ithili – General Manager Finance & Administration

VISION MISSION & MANDATE

VISION

The lead regulatory agency in agriculture

MISSION

To provide an effective and efficient science-based regulatory service for assurance on quality of agricultural inputs and produce thereby promoting sustainable economic growth and development

CORE VALUES

In providing services, KEPHIS is committed to good governance guided by:

- Customer focus
- Transparency
- Integrity
- Teamwork
- Social Responsibility

KEPHIS IN BRIEF

Kenya Plant Health Inspectorate Service (KEPHIS) operated under Legal Notice No. 305 from 1996 until the enactment of Kenya Plant Health Inspectorate Service Bill, 2011 in December 2012. The Corporation is regulatory body for the protection of plants, seeds and plant varieties.

The functions of the Corporation are:

- a) regulate matters relating to plant protection, seeds and plant varieties;
- b) administer and enforce sanitary and phytosanitary measures;
- c) support the administration and enforcement of food safety measures;
- d) establish service laboratories to monitor the quality and levels of toxic residues in agro-inputs, irrigation water, plants, soils and produce;
- e) be the principal advisor to the Government on issues relating to seeds and planting material;
- f) implement plant variety protection in Kenya, administer plant breeders' rights and maintain the Plant Breeders' Rights Register;
- g) undertake plant variety testing and description, seed certification and plant

quarantine control;

- h) undertake inspection and grading of plants and plant produce at the ports of entry and exit;
- i) in consultation with other relevant agencies, develop and implement standards for seed and plant materials;
- j) implement and enforce national bio-safety regulations on the introduction and use of genetically or living modified species of plants, insects and micro-organisms, plant products and other related species;
- k) regulate import and export of plants and plant materials;
- l) in consultation with other relevant agencies, regulate the commercial exploitation of naturally occurring plants and plant-related micro-organisms;
- m) register and license seed merchants, seed growers, agents and any other person who may be required to be registered under the provisions of this Act or any of the laws specified in the First Schedule;
- n) enter into association with such other bodies or organizations or authorized persons as the Board may consider desirable or appropriate in furtherance of the purposes for which the Service is established, and
- o) be the liaison office for international conventions relating to plant variety protection, plant protection, seed certification and dealing with endangered species or any other related conventions

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The State Corporations Act Cap 446 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the corporation as at the end of the financial year and of the operating results of the corporation for that year. It also requires the directors to ensure the corporation keeps proper accounting records, which disclose with reasonable accuracy the financial position of the corporation. They are also responsible for safeguarding the assets of the corporation.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in a manner required by the State Corporations Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the corporation and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in preparation of the financial statements, as well as adequate systems of internal financial control.

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



Dr. James M. Onsando
MANAGING DIRECTOR

DATE: 10/12/2013



Professor Daniel M. Mukunya
CHAIRMAN

DATE: 16/12/2013



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA PLANT HEALTH INSPECTORATE SERVICE FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Plant Health Inspectorate Service set out on pages 9 to 25, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in 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 the 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.

Responsibility of the Auditor General

My responsibility is to express an independent 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 Inspectorate'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. Land

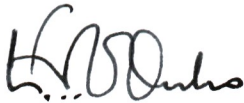
As similarly reported in the previous year, property, plant and equipment balance of Kshs.1,147,144,151 as at 30 June, 2013 includes eleven (11) parcels of land valued Kshs.258,626,160 situated in Nakuru Municipality, Muguga in Kiambu, Kitale-Trans Nzoia, Kabete, Karen in Nairobi and Kisumu Municipality. However, and except for the land in Karen, Kisumu and Kabete, the Inspectorate does not possess ownership documents for the others. Further, out of the 125.30 hectares of land in Kitale held by third parties, the Inspectorate has so far recovered 34.09 hectares while the balance of 91.21 hectares is still held by private developers or occupied by squatters. Consequently, it has not been possible to confirm that the property, plant and equipment balance of Kshs.1,147,144,151 as at 30 June 2013, is fairly stated.

2. Board expenses

According to Sub-Section 10(1) of the State Corporations Act, Cap 446 of the Laws of Kenya, the Chairman and Members of a Board, other than the Chief Executive are to be paid sitting allowances from the funds of the Corporation upon attending board and or committee meetings. However, during 2012/2013, the Inspectorate paid a total of Kshs.92,400 to non-Board members in attendance during Board and committee meetings. The Inspectorate was therefore in breach of the Law to the extent of these payments.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Inspectorate as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Plant Health Inspectorate Service Order, 1996.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

30 December 2013

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTES	2012/2013 KSHS	2011/2012* KSHS
INCOME			
Recurrent Grants	3	387,072,000	403,000,000
Development Grants	3	-	40000000
Project Grants	3	76,317,257	27,840,982
Fees for Services Rendered	3	485,419,363	403,132,214
Other Gains and Losses	4	(4,708,253)	
TOTAL COMPREHENSIVE INCOME		944,100,367	873,973,196
EXPENDITURE			
Personnel Costs	5	423,412,743	377,354,241*
Board of Directors Expenses		3,997,376	5,150,494*
Other Operating Expenses	6	407,461,294	347,777,854*
External Audit Fees		580,000	500,000*
Depreciation	7	71,978,212	63,816,613
TOTAL EXPENDITURE		907,429,625	794,599,202
SURPLUS FOR THE YEAR		36,670,742	79,373,994
OTHER COMPREHENSIVE INCOME			
Currency Translation	8	3,493	1,740,996
TOTAL OTHER COMPREHENSIVE INCOME		3,493	1,740,996
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		36,674,235	81,114,990

*Restated due to change in classification of some expenditures as per notes 5 and 6. Further restated to show directors' expenses and audit fees in the Statement of Comprehensive Income.

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2013

	NOTES	2012/2013 KSHS	2011/2012 KSHS
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	7	1,147,144,151	1,094,301,101
Restricted Deposit	9	60,000,000	60,000,000*
		1,207,144,151	1,154,301,101
Current Assets			
Cash and Bank Balances	10	161,678,057	118,119,305*
Trade and Other Receivables	11(a)	110,742,553	119,211,649
		272,420,610	237,330,954
TOTAL ASSETS		1,479,564,761	1,391,632,055
GENERAL FUNDS AND LIABILITIES			
General Funds			
Reserves	12	1,372,871,728	1,336,991,218
		1,372,871,728	1,336,991,218
Long Term Liabilities			
Deferred Income	16	15,100,000	-
		15,100,000	-
Current Liabilities			
Trade and Other Payables	13	90,693,033	54,640,837
Deferred Income	16	900,000	-
		91,593,033	54,640,837
GENEALR FUNDS AND LIABILITIES		1,479,564,761	1,391,632,055

*Restated due to change in classification of mortgage deposit amounting to KShs. 60,000,000 from current asset to non-current asset.

Dr. James M. Onsando
MANAGING DIRECTOR

DATE: 10/12/2013



Professor Daniel M. Mukunya
CHAIRMAN

DATE: 16/12/2013

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTES	2012/2013 KSHS	2011/2012 KSHS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from Operations	14	156,632,274	177,101,987
Net Cash Generated from Operating Activities		156,632,274	177,101,987
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	7	(130,993,289)	(131,193,364)
Investment in Restricted Deposit	9		(60,000,000) *
Proceeds from Disposal of Fixed Assets	15	1,916,273	1,887,880
Net Cash Generated from Investing Activities		(129,077,016)	(189,305,484)•
CASH FLOWS FROM FINANCING ACTIVITIES			
Government of Kenya Development Grant	16	16,000,000	-
Net Cash Generated from Financing Activities		16,000,000	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		43,555,259	(12,203,497)
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At the beginning of the Year		118,119,305	128,581,807
Net Increase/ (Decrease) in Cash and Cash Equivalents above		43,555,259	(12,203,497)
Currency Translation	8	3,493	1,740,995
Cash and Cash Equivalents at the End of the Year		161,678,057	118,119,305•

*Restated due to change in classification of mortgage deposit amounting to KShs. 60,000,000 from current asset to non current asset.

STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTES	Revaluation Reserve KSHS	Revenue Reserve KSHS	TOTAL
Balance at July 1st 2011		451,194,344	802,671,406	1,253,865,750
Surplus for the Year 2010/11		-	79,373,994	79,373,994
Other Comprehensive Income		-	1,740,996	1,740,996
Adjustment - Staff Pension		-	2,010,478	2,010,478
Balance at June 30, 2012		451,194,344	885,796,874	1,336,991,218
Balance at July 1, 2012		451,194,344	885,796,874	1,336,991,218
Surplus for the Year 2012/13		-	36,670,742	36,670,742
Other Comprehensive Income		-	3,493	3,493
Adjustment - Horticap Refund		-	(793,725)	(793,725)
Balance at June 30, 2013		451,194,344	921,677,384	1,372,871,728

1. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following are amendments to IFRS that came into force during this reporting period:

- **IFRS 1** - An entity that meets the requirements of IFRS 1 but has been applying IFRSs in previous periods can elect to apply IFRS 1 when re-adopting IFRSs. Previously the standard required application of IFRS 1. An entity which elects not to apply IFRS 1 is required to apply all IFRSs retrospectively in accordance with IAS 8. Management is required to disclose the reason why it stopped complying with IFRS and the reason for resumption of IFRS financial statements. This change did not affect the Corporation's financial statements since they are compliant in full with the requirements of the standards.
- **IFRS 1** - Amendment was done to clarify that an entity can choose to adopt IAS 23 either from its date of transition or from an earlier date. This amendment did not affect the Corporation's financial statements.
- **IAS 1** - When an entity voluntarily provides financial statements beyond the required minimum comparative period it is required to also present the supporting notes to these additional statements. On the other hand no notes are required when an entity produces an additional balance sheet as per IAS 8.
- **IFRS 1** - Subsequent above amendment to IAS 1, IFRS 1 was amendment to clarify that first adopter of IFRSs should provide the supporting notes for all statements presented.
- **IAS 16** - Spare parts and servicing equipment that are usable for more than one period are to be classified as Property, Plant and Equipment rather than inventory.
- **IAS 32** - The standard was amended to clarify that income related to distribution is recognized in the income statement while income tax arising from cost of equity transactions is recognized in the statement of equity. This change did not apply to the Corporation during reporting period.
- **IAS 34** - Amendment to now require a measure of total assets and liabilities for an operating segment in the interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Set out below are the accounting policies employed in the preparation of these financial statements.

a. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements are presented in the functional currency, Kenya Shillings and are prepared under historical cost convention except for periodic revaluation of assets. The figures are rounded to the nearest million.

b. Revenue Recognition

Revenue is recognized on the basis that there is probable economic benefit that will accrue to the Corporation. Revenue is measured at fair value of the consideration received or receivable.

Rendering of Services

Revenue is recognized on issue of invoices for credit services provided on credit and receipt of payment in the case of cash sales.

Interest Income

Interest income is recognized as it accrues, unless its collectability is in doubt.

Project Grants

Project grants received from donors are recognized as revenue in the year of receipt.

Government Grants – Recurrent

Recurrent (Government of Kenya grants) are recognized as revenue on receipt. Any balances receivable at end of the financial year is accrued only if there is reasonable assurance that it will be received.

Government Grants – Development

Development grants are transfers for capital investment. The grant is presented in the Statement of Financial Position as deferred income. The deferred income is recognized in the Statement of Comprehensive Income on a systematic basis over the useful life of the asset.

c. Retirement Benefit Obligations

Up until June 2012 the Corporation operated a defined benefit pension scheme for eligible employees. The scheme was thereafter converted into a defined contribution scheme. Actuarial valuation undertaken to facilitate conversion revealed a deficit of KShs. 14.1 million payable in three installments of KShs. 5.6 million as per plan lodged with Retirement Benefits Authority. The deficit has been treated as follows:

- **Instalment 1:** KShs. 5.6 million was paid and recognized through the income and expenditure statement.
- **Instalment 2:** KShs. 5.6 million which is due was recognized as a liability through Creditor's account and similarly expensed.
- **Instalment 3:** KShs. 5.6 million is recognized through a provision.

The scheme is administered by an independent investment management company and is funded by contributions from both the employer and employee. The organization's pension monthly contribution of 15% is charged to the income statement as they fall due.

The Corporation also makes statutory contributions to NSSF scheme.

Actuarial deficit is recognized as per IAS 19.

d. Property Plant & Equipment

Property plant and equipments are initially recorded at cost. The cost includes all costs necessary to bring the asset to working condition for its intended use. Thereafter these assets are recognized at revaluation as and when valuations are done. The Corporation undertakes these valuations through independent professional valuers. The revalued amounts are fair values at the date of valuation less accumulated depreciation and impairment. The valuations are undertaken periodically i.e. every five years. However the period may be shortened when there is reason to believe such valuation will lead to reflection of true and fair position of the Corporation's assets. Increase in value arising out of revaluation is credited to other comprehensive income and accumulated in equity under the heading revaluation reserve. On the other hand decrease in value is expensed to the extent that it exceeds amount previously credited to the revaluation reserve relating to the same asset.

The depreciable amount of assets (cost or valuation amount less residual value) are allocated over the estimated useful life of the assets. Depreciation is calculated on the straight-line method. Depreciation is applied on pro rata basis for assets acquired i.e. from month of acquisition. Assets disposed off during the year are not depreciated. The Corporation applies the following rates of depreciation:

- Freehold land - nil
- Buildings 2%
- Plant and Machinery 12.5%
- Motor Vehicles 25%
- Office Equipment 12.5%
- Furniture and fixtures 12.5%
- Laboratory Equipment 12.5%
- Computers & Accessories 33.33%

The following residual values have been adopted:

- Plant and Machinery 10%
- Motor Vehicles 10%
- Furniture and Fixtures 5%
- Laboratory Equipment 5%

- Computers and Accessories 5%

e. Leases

Operating leases rentals are expensed through income and expenditure account.

f. Trade Debtors

Trade debtors are stated at their nominal values as reduced by appropriate provision of 5% for estimated irrecoverable amounts.

g. Translation of Foreign Currencies

Assets and liabilities held in foreign currency are translated at closing rate, and income and expenses are translated at exchange rates at the average rates for the period when this is a reasonable approximation. Exchange rate differences arising on the settlement of monetary items or on translating on initial recognition during the period or in previous financial statements is recognized in the statement of comprehensive income.

h. Provisions

Provisions are recognized when the organization has a present obligation as a result of a past event and it is probable that an outflow of resources involving economic benefit will be required to settle the obligation and a realizable estimate can be made of the amount of the obligation.

3) INCOME

	2012/2013 KSHS	2011/2012 KSHS
Fees for services rendered:		
Revenue from services rendered	471,069,349	387,682,655
Miscellaneous receipts	1,140,436	2,172,241
Interest earned	1,192,959	1,183,515
Gain on Sale of property	-	169,196
Conference & Accommodation Facilities	12,016,619	11,924,607
Sub-Total Fees for Services Rendered	485,419,363	403,132,214
Recurrent Grants		
Revenue Grants from Ministry of Agriculture	387,072,000	403,000,000
Capital Grants from Ministry of Agriculture	-	40,000,000
Sub-Total Recurrent Grants	387,072,000	443,000,000
Donor Grants		
HORTICAP Project Grants	-	4,431,410
Client Kenya Project Grants	-	953,767
COMESA	-	815,991
EAAPP Project Grants	750,000	-
COPE project grants	20,080,142	21,233,869
CIP-PQS Project Grants	121,000	405,945
FAO Somali project grants	1,033,601	-
ASSIP K project grants	47,433,675	-
Fruit Fly - HCDA Project Grants	323,500	-
ASARECA Grants	3,230,850	-
IITA BGMF (5CP)	3,344,489	-
Sub-Total Project Grants	76,317,257	27,840,982
Grand Total -Income	948,808,620	873,973,196

4) OTHER GAINS OR LOSSES

	NOTES	2012/2013 KSHS	2011/2012 KSHS
Cost of Disposed Assets	7	(9,597,500)	2,200,500
Accumulated Depreciation	7	3,425,473	481,816
Proceeds from Disposal of Fixed Assets		1,916,273	1,887,880
Loss on Disposal of Assets		(4,255,754)	169,196
Net Foreign Exchange (Losses)/Gains		(564,471)	-
Decrease in bad debts provision		111,972	-
Total Other Gains or (Losses)		(4,708,253)	169,196

5) PERSONNEL COSTS

	2012/13 KShs	2011/12* KShs
Personnel Emoluments	203,046,949	193,372,565
Casual Labour	16,124,546	12,904,713*
Gratuity and Pension Contributions	57,535,500	33,730,129
House Allowance	68,886,542	64,327,500
Medical Allowance	10,914,500	10,372,000
Transfer Allowance	490,950	350,946
Other Personal Allowances	37,269,907	35,776,307
Passages and Leave Expenses	4,155,000	4,107,000
Medical Expenses -Staff	9,405,420	7,782,942
Staff Life and Personal Accident Cover	7,476,180	4,535,616*
Staff Counseling & Support Services	-	100,000*
Compensation & Ex-Gratia Payment	1,678,479	1,449,669*
Training Expenses (Staff)	6,204,456	7,865,639
Scholarships & Other Education benefits	224,315	679,215*
TOTAL	423,412,743	377,354,241

*Items reclassified from other operating expenses to personnel costs

6. OTHER OPERATING EXPENSES

6. Other Operating Expenses		
	2012/13	2011/12*
	KShs	KShs
Rent, Utilities, Cleaning and Security Costs	40,306,843	39,573,629
ICT Costs	20,988,311	16,606,086
Travel Costs	61,391,380	60,199,244
Printing, Advertising & Publicity Costs	103,511,208	75,656,626
Laboratory, farm and Office Consumables	34,730,112	29,013,517
Motor vehicle, facilities and equipment maintenance and Repairs	75,697,095	67,369,347
Project Activities Expenditure	43,815,187	26,136,724
Other Costs	27,021,159	33,222,681
	407,461,294	347,777,854

**Restated - Aggregated as follows:

Costs	2012/13	2011/12*
Electricity Expenses	14,195,783	14,531,111
Water and Conservancy Expenses	429,799	519,134
Telephone Expenses	3,876,075	2,977,319
Postage and Telegram Expenses	3,106,641	3,244,792
Contracted Guards & Cleaning Services	16,455,491	15,494,137
Payment of Rents & Rates Non-Residential	2,243,054	2,807,136
	40,306,843	39,573,629
Internet, WAN and data back-up services	9,316,690	7,443,819
Supplies & Accessories for computers including Software Licenses	11,671,621	9,162,267
	20,988,311	16,606,086
Travelling and Accommodation Expenses	41,237,555	38,691,505
External Travel expenses	18,700,418	20,573,060
Hire of Transport plant & machinery	1,453,407	934,679
	61,391,380	60,199,244
Publishing and Printing Expenses	86,608,799	61,933,100
Advertising and Publicity	9,684,859	6,535,356
Trade Shows & Exhibitions	6,612,739	4,845,579
Purchase of Uniform and Clothing	604,811	2,342,591
	103,511,208	75,656,626

Costs	2012/13	2011/12*
Purchase of Laboratory Stores	23,348,897	19,551,462
Education & Library Expenses	700,985	653,017
Purchase of Supplies for Production	6,008,473	4,674,360
General office supplies	4,671,756	4,134,678
	34,730,112	29,013,517
Refined fuel & lubricants for transport	25,640,786	26,792,389
Maintenance expenses for motor vehicles & other transport costs	20,601,660	19,616,278
Maintenance of Plant Machinery & Equipment	10,283,340	8,620,217
Maintenance of Buildings and Stations	12,390,418	5,828,627
Minor Alterations and Repair Works	7,450	-
Insurance Premiums -Vehicles & Other Assets	6,773,441	6,511,836
	75,697,095	67,369,347
Project Expenditure Horticap		9,392
Project Expenditure COPE	12,449,418	21,206,594
Project Expenditure Client Kenya		1,027,507
Project Expenditure FAO		-
Project Expenditure EAAPP	551,236	1,183,430
CIP PQS Project Expenditure	201,690	478,408
IITA PQS Project Expenditure		1,598,903
ACL PIP-Expenditure	1,628,003	-
Project Expenditure FAO Somali	795,515	
COMESA Expenditure		632,490
Project Expenditure ASSIP-K	26,852,052	
Project Expenditure ASARECA	525,460	
Project Expenditure SCP	811,813	
	43,815,187	26,136,724
Bank Charges & Commission	716,320	737,221
Contracted Professional Services	2,492,824	7,663,875
Miscellaneous Expenses	386,744	636,948
Contribution to Private & International Organizations -Membership	3,432,180	3,679,756
Purchase of Food & Rations	10,675,901	9,731,172
Audit Fees - ISO 9001 and ISO 17025	1,346,428	1,706,000
Corporate Social Responsibility	232,140	351,720
Bad debt provision		471,479
Training Expenses (Farmers)	3,197,338	2,327,055
Catering services (reception)	4,541,282	5,917,455
	27,021,159	33,222,681

7) PROPERTY, PLANT AND EQUIPMENT

COST OR VALUATION	LAND	BUILDINGS	W.I.P	PLANT AND MACHINERY	MOTOR VEHICLES	COMPUTERS AND ACCESSORIES	OFFICE EQUIPMENT	FURNITURE AND FITTINGS	LABORATORY EQUIPMENTS	TOTALS
July 1st 2012	248,900,000	374,683,350	234,771,513	30,223,245	145,321,888	28,754,018	14,499,000	9,952,916	120,443,823	1,207,549,753
Additions	9,726,160	256,933	37,517,681	1,357,230	16,497,600	6,762,760	1,881,443	757,822	56,235,660.12	130,993,289
Transfer		258,305,026	(258,305,026)							-
Disposal				(4,305,000)	(4,745,000)	(473,800)	(73,700)			(9,597,500)
At 30th June 2013	258,626,160	633,245,308	13,984,168	27,275,475	157,074,488	35,042,978	16,306,743	10,710,738	176,679,483	1,328,945,542
Depreciation:-										
Accumulated At 1st July 2012	-	14,280,142	-	6,189,958	52,771,545	14,339,318	2,643,124	2,256,839	20,767,727	113,248,653
Charge for the year		8,358,538		2,987,082	32,248,460	10,136,577	1,785,347	1,228,050	15,234,158	71,978,212
Disposal				(968,625)	(2,139,433)	(299,910)	(17,505)			(3,425,473)
Accumulated at 30th June 2013	-	22,638,680	-	8,208,415	82,880,572	24,175,985	4,410,966	3,484,889	36,001,885	181,801,391
Net Book Value at 30th June 2013	258,626,160	610,606,628	13,984,168	19,067,060	74,193,916	10,866,993	11,895,777	7,225,849	140,677,599	1,147,144,151
Net Book Value at 30th June 2012	248,900,000	360,403,208	234,771,513	24,033,287	92,550,343	14,414,700	11,855,876	7,696,077	99,676,096	1,094,301,101

Work-in-progress transfer to buildings relates to Headquarters Laboratory Complex which was completed and occupied during the financial year. Additions to work-in-progress relates to on-going construction of green houses in Muguga and a building at Mombasa Show ground.

8) CURRENCY TRANSLATION

Dollar Account balance - USD.234,950.05

	KSHS
Equivalent Kshs. @ 86.0075 - CBK Mean rate prevailing as at 28 th June 2013	20,207,467
Cashbook balance at rates prevailing on various transaction dates	20,203,974
Currency translation gain	3,493

9) RESTRICTED DEPOSIT

Restricted Deposits	2012/13 KSHS	2011/2013 KSHS
Kenya Commercial Bank Limited	60,000,000	60,000,000

This is deposit held with Kenya Commercial Bank as collateral for staff mortgage. All the interest in the year amounting to KShs. 1,192,959 was earned from the mortgage.

10) CASH & BANK BALANCES

	2012/2013 KSHS	2011/2012 KSHS
Current account I	28,107,040	9,832,807
Current account II	18,847,847	36,021,130
Regional offices	555,507	104,718
ADSP account	-	2,053,009
KEPHIS USD A/C	20,207,467	32,887,897
KEPHIS CABHORT Project	-	2,142,876
HORTICAP Programme Estimate	-	59,387
KEPHIS USAID PRA	-	678,094
CLIENT Kenya Project	-	36,034
CBA Account	10,404,760	5,506,811
EAAPP Project	478,283	340,423
Sinking Fund account	55,551,426	27,055,226
COPE Project	5,907,130	733,076
MPESA account balance	579,936	65,230
ASSIP – Kenya	20,581,623	-
Cash in hand	457,038	602,591
Total	161,678,057	118,119,309

(11a) TRADE AND OTHER RECEIVABLES

	2012/2013 KSHS	2011/2012 KSHS
Trade Receivables net of 5% provision	86,443,526	88,570,988
Interest receivable	1,308,346	115,387
Advances	3,368,588	8,195,648
Deposits	3,387,625	63,223,782
Prepayments	16,234,469	19,105,844
Total	110,742,554	179,211,649

11b) PROVISION FOR DOUBTFUL DEBT

	2012/2013 KSHS	2011/2012 KSHS
Provision for doubtful debt at 5%	4,549,659	4,661,631

The following is the aging analysis of the trade receivables is as follows

Days	2012/13	2011/12
Current	1.61%	3.84%
1-30	51.76%	39.41%
31-60	6.50%	1.98%
61-90	2.49%	3.01%
Over 90 Days	37.64%	51.75%

12) CAPITAL/RESERVES

	2012/2013 KSHS	2011/2012 KSHS
Staff pension & group life	-	2,010,478
HORTICAP Project refunds	(793,725)	-
Surplus for the year	36,670,742	79,373,994
Other Comprehensive Income	3,493	1,740,996
Capital and Revenue Reserves as at 1st July 2012	1,336,991,218	1,253,865,750
Capital and Revenue Reserves as at 30th June 2013	1,372,871,728	1,336,991,218

13) TRADE AND OTHER PAYABLES

	2012/2013 KSHS	2011/2012 KSHS
Trade Payables	77,217,688	27,097,661
Staff Pension & Group Life	-	3,949,941
Others	13,475,344	23,593,234
Total	90,693,033	54,640,837

14) CASH GENERATED FROM OPERATIONS

	NOTES	2012/2013 KSHS	2011/2012 KSHS
Surplus		36,670,742	79,373,994
Adjustment for:			
Depreciation		71,978,212	63,816,613
Other Gains or Losses	4	4,255,754	(169,196)
Adjustment – Staff pension and group life		-	2,010,478
Donor Refunds	10	(793,725)	-
Operating Surplus Before Working Capital Movement		112,110,983	145,031,889
Decrease / (Increase) in Trade and Other Receivables		8,469,095	34,967,389
(Decrease)/Increase in Trade and Other Payables		36,052,196	(2,897,291)
Total Cash Inflows from Operations		156,632,274	177,101,987

15) PROCEEDS FROM DISPOSAL OF FIXED ASSETS

	NOTES	2012/2013 KSHS	2011/2012 KSHS
Cost of Disposed Assets	2	9,597,500	2,200,500
Accumulated Depreciation	2	(3,425,473)	(481,816)
Loss on Disposal of Assets	4	(4,255,754)	169,196
Proceeds from Disposal of Fixed Assets		1,916,273	1,887,880

16) Development Grants - Deferred Income

The Corporation received KShs. 16,000,000 out of approved Development of KShs. 28,800,000. The grant is to be utilized for construction of green houses at Plant Quarantine Station Muguga. The Construction commenced in June 2013 and is expected to be completed by December 2013. Depreciation of the green houses for 2013/2013 financial year is estimated to be KShs. 900,000. This amount has been recognized as current liability while the balance of KShs. 15,100,000 has been recognized as long term liability.