

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
PEST CONTROL PRODUCTS BOARD

FOR THE YEAR ENDED
30 JUNE 2018



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| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 08 MAY 2019 | DAY: WED |
| TABLED BY: Majority Whip Hon Benjamin | |
| CLERK-AT THE TABLE: M. Mado | |





PEST CONTROL PRODUCTS BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

**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

PEST CONTROL PRODUCTS BOARD
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Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|------------|----------------------------|--------------|
| 1. | Chief Executive/ Secretary | Peter Opiyo |
| 2. | Manager Finance & Planning | James Mwaura |

Fiduciary 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

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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Telephone: (254) 020-8021846/7/8

E-mail: md@pcpb.or.ke

Website: www.pcpb.or.ke

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

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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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 Born 1964 |  | Executive MBA, Bsc Chemistry and Biochemistry, Advanced Diploma in Purchasing and Supply 2010, CIPS UK. And Diploma in Coffee Estate Management (Standard Chartered Estate Management Ltd) -2003 to date: Tropical Farm Management Ltd, Head of Supplies Department -1999-2003: Technical Manager at Osho Chemical Industries -1995-1999: Sales Representative at Kenwin Enterprises -1989-1995: Coffee Estate Manager at Standard Chartered Estate Management Ltd | Tropical Farm Management | Chairperson |


PEST CONTROL PRODUCTS BOARD
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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|------------------------------|--------------------------------------|--|---|-------------------------------|--------------|
| 2. Appointment 13/07/2016 | Dr. Obadiah Nyaga Njagi Born 1963 |  | PhD. MSc. Degree in Veterinary Med -April 2015 to date: Senior Deputy Director of Veterinary Services -March 2014 - April 2015 MoALF Transformation Secretariat of the Donor Working Group. -Oct 2013 -March 2014 at Office of the Principal Secretary, State Dept of Livestock as the Technical Liason Officer -2008-Oct 2013: Deputy Director Veterinary Services -2005-2006: Assistant Director of Veterinary Services Jun-Dec 2002: Research Assistant at Institute of Special Zoology, Technica University-Dresden, Germany 1997-2005: Senior Veterinary Investigation Officer, Pathologist | State Department of Livestock | Member |

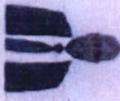

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2018

| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|----------------|--|---|---|--|--------------|
| 3. | Date of Appointment Andrew Mware Kinyua Born 1966 |  | <p>BSc Chemistry</p> <p>-Jan 2015 to date: Head (Deputy Director) of Water Quality and Pollution Control Division, Water Resources dept Ministry of Water and Irrigation</p> <p>-2010 - 2014: Senior Principal chemist II</p> <p>-2008 - June 2010: Principal Chemist</p> | State Department of National Water Services | Member |



PEST CONTROL PRODUCTS BOARD
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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|--|-----------------------------------|---|---|--------------|--------------|
| 4. No. 4451 of 30/5/2016 DoA 31/5/2016 | Agnes Moraa Angwenyi Born 1954 |  | <p>-2006- June 2008 Chief Chemist (NB// All above under Ministry of Water & Irrigation)</p> <p>-2002-2005: Senior Chemist in charge of Assay Laboratory</p> <p>-1996-2002 Chemist I Nov 1992-1996: Chemist II Mineral processing, (NB//</p> <p>1996 to 2005 in Assay Laboratory, Mines & Geology Department, Ministry of Environment and Natural Resources</p> <p>2002: Higher Diploma in Human Resource Management</p> <p>1976-1976: Bachelor of Education</p> <p>1987-2010: Held several management positions at Kenya Post Office Savings Bank</p> <p>1979-1987: Graduate teacher at Kenya High School</p> | | Member |



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FINANCIAL STATEMENTS FOR THE YEAR ENDED
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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|----------------|---|--|---|-----------------------------------|--------------|
| 5. | Date of Appointment 09/08/2016 Dr. Elijah K. Gichuru Born 1967 |  | PhD, Msc -Aug 2014 to date: Director at Coffee Research Institute -Feb 2013 to Aug 2014: Acting Director of Research/CEC at Coffee Research Foundation. -July 2010 to 2013: Deputy Director of Research at CRF | KALRO -Coffee Research foundation | Member |
| 6. | Date of Appointment 01/07/2016 Teresia Karanja Born 1965 |  | -Master's degree in Plant pathology -2008 to date: State Department of Agriculture, Plant Protection Services Division as Pathology, weeds and Pesticide Advisory Officer. -2005-2008 at District Agricultural Office, Kiambu as District Horticultural Crops Officer -1996-2005 at Divisional Agricultural Office, Kikuyu as Divisional Horticultural | State Department of Agriculture. | Member |

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS | |
|----------------|-----------------------------------|------------------------------------|--|---|---------------------------|--------|
| | | | Crops Officer | | | |
| 7. | Date of Appointment 01/07/2016 | Henry Kibet Rotich Born 1970 |  | PhD -Oct 2015 to date: Director, Metrology Testing and Market Surveillance division. Currently Chief Manager, Research and Development -Jan Aug 2006: Part time Lead Consultant at Beijing China -Sep 2003-Jul 2006: Teaching Assistant at Jilin University, China -Dec 2000-Feb 2001: Spring Festival Volunteer at Changchun city, China -Jan 1997-Aug 1998: Laboratory analyst at Kenya Bureau of Standards. | Kenya Bureau of Standards | Member |
| 8 | Date of Appointment 13/07/2016 | Leonard Waweru Karuki Born 1958 |  | BSc | The Government Chemist | Member |


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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|----------------|---|--|---|--|--------------|
| 9. | Date of Appointment 13/07/2016 Julius Kithinji Kirima Born 1962 |  | Msc Jan 2012 to date: Ag Deputy Director of Industries -5 May 2011 – July 2011: Ag Director of Industries -2nd Sept 2009 – 5th May 2011: Assistant Director of Industries 1st Oct 2005 – 1st Sept 2009: Chief Industrial Development Officer at Ministry of Trade and Industry -2nd May 2001 – 30th Sept 2005: Senior Industrial Development Officer -9th Mar 1995 – 1st May 2001: Industrial Development Officer | State Department of Industry and Enterprise Development | Member |
| 10 | Date of Appointment 13/07/2016 William O. Ogoia Born 1962 |  | MSc in Land & Water Engineering, BSc in Agriculture -2006 to date: Deputy Director, Regional Development (Ministry of Natural Resource Management J, Nairobi) -1998-2006: Project coordinator KOSFIP at Lake Basin Development Authority | Ministry of Environment, Natural Resources & Regional Development Authorities | Member |


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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|---------------------------------|---|----------------------|---|-----------------------|--------------|
| 11 Appointment 13/07/2016 | Dr. Wago Dulacha Ejersa Born 1968 | | MPhM/BChB -Nov 2013 to date: Head, National Malaria Control Program, Ministry of Health, Kenya -March 2009 –Oct 2013 Provincial | Ministry of Health | Member |


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FINANCIAL STATEMENTS FOR THE YEAR ENDED
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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|---|-------------------------------------|---|---|-----------------------|--------------|
| 12 No. 4451 of 30/5/2016 DcaA 31/5/2016 | Prof. Jasper Imungi Born 1950 |  | <p>PhD</p> <p>-Currently Professor of Food Chemistry at Department of Food Science, Nutrition and Technology at University of Nairobi</p> <p>-Sept 1971 – March 1974: B.Sc University of Nairobi, Certificate of Food Education</p> | University of Nairobi | Member |

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FINANCIAL STATEMENTS FOR THE YEAR ENDED
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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|---|--------------------------------|---|---|---|--------------|
| 13 Date of Appointment 14/10/2016 | Geoffrey Mwikamba Born 1972 |  | <p>Degree -Jan 2012 to date: Chief Information Communication Technology Officer at The National Treasury -Apr 2008 to Jan 2012: Senior Information Communication Technology</p> | <p>State Department of Finance The National Treasury</p> | Member |
| | | | <p>University of Nairobi -April 1979 – Aug 1980: Tutorial fellow -Jan 1984 – Oct 1986: Lecturer -Oct 1986 – Mar 1991: Senior Lecturer -April 1991 – June 1998: Associate Professor -June 1998 to date: Professor of Food Science and Technology</p> | | |


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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|--|--------------------------|---|--|----------------------------|--------------|
| 14 No. 4879 of 7/7/2014 DoA 2/5/2014 | Noah Omanga Born 1953 |  | <p>BSc</p> <p>1998: General Manager in charge of planning, construction, Human Resources, Supplies and Stores at KCCT</p> <p>-1996: General Manager in-charge of planning, construction and Co-ordination</p> <p>-1994: General Manager in-charge of all personnel functions</p> <p>-1993: Appointed Assistant General Manager of KPTC</p> <p>-1988: Appointed post of Chief Personnel Officer heading personnel at</p> | Crop Farmer Representative | Member |


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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|----------------|---------------------------------|----------------------|---|--|---------------|
| 15 | N/A Bernard Ngualu Inspector | | Gijil Telecommunication Industries (Manufacturing Department of the Corporation) 1986: Senior Personnel officer in charge of Disciplinary functions and Corporations Regulations. -1983 Promoted Assistant Senior Personnel Officer in charge of Disciplinary -1981: Joined KP&TC as personnel officer -1979: Joined Ministry of Agriculture as an Agricultural Research Officer. | Inspector General (Corporations) Office of the | In attendance |

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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| GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|--------------------|-------------------------------|---|---|------------------|-----------------|
| 16 Susan Niroge | AAK Representative 1973 |  | <p>MBA, BSc</p> <p>-2001 to date: Head of Technical/Research & Development at Syngenta E A Ltd</p> <p>-May 2000 to August 2001 Production manager at Sulmac Company</p> <p>-Oct 1998 to April 2000 Water & Environment Management at Home-grown (K) Ltd</p> <p>-Jan to April 1998 Monitoring and Evaluation Officer at GTZ (Safe Use Project)</p> | Deputy President | Co-opted member |

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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| | GAZETTE NOTICE | Name and Date of Birth | Pass Port Size Photo | Key Academic/ Professional Qualifications and Work Experience | ORGANIZATION | BOARD STATUS |
|----|-----------------------|-------------------------------|--|--|-----------------------------|---------------------|
| 17 | CEO/Secretary | Peter Opiyo |  | MSc Analytical Chemistry | Pest Control Products Board | Secretary |

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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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), Higher Diploma in Human resource Management |  | Head, Human Resource & Administration |
| Dr. Paul Ngaruiya | PhD in Tropical Plant Sciences. |  | Head, Registration & Analysis |
| Peter Kimwelle | Bsc Agriculture, Honours in crop Science |  | Head, Enforcement and Compliance. |

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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CHAIRMAN'S STATEMENT

I am elated to present the Annual Report and the Financial Statement for the financial year 2017/2018 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 2015-2020.

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 the on-going construction of a laboratory block.

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
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REPORT OF THE CHIEF EXECUTIVE OFFICER

The Board is pleased to present the financial results for the year 2017/2018. During this period, the Board underwent a major transformation program that saw the completion of the construction of PCPB complex among other programs.


On operations, the Board has been instrumental in carrying out its mandate with the Compliance and Enforcement Department inspecting approximately 8,320 premises compared to last year's 8,054 this represents a 3.3% increase. The Registration and analysis department received 262 applications against 273 in the previous year, 414 permits for trial purposes were issued against 417 received in the previous year. 156 applications were considered by the Board for registration of which 89 were approved against 38 approved in the previous period representing a 134% Increase. This was due to backlog which had been occasioned by lack of a fully constituted Board of Management which bears the responsibility of registering Pesticides during the previous period.

The income generated during the year from both internal and external sources was approximately Ksh 213 million against Ksh 161 million the previous year, which represents a 24% Increase. The Board with its limited financial resources has been able to prudently manage and avoid debts without compromising on achievement of its mandate.

The Board over the years has been dogged by the challenge of limited human resource capacity with the year under review having a total staff force of 70 against 74 in the previous period. In the period we also offered 5 internships and 27 attachments opportunities lasting between three and six months. This by all means is well within the required human capital entrusted with a broad mandate for all Kenyans in terms of food security, safety and safeguarding the environment. It is our hopes that the improvements will enable us serve the public better and more efficiently.

The Board is also at an advanced stage of repealing the current Act to comply 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 reputable regulator and facilitating trade by providing a conducive environment for agribusiness.

In summary, the management is committed to improving the outlook of the Board to effectively carry out its mandate in a prudent and professional manner.


Peter Opiyo

CEO/Secretary PCPB

PEST CONTROL PRODUCTS BOARD
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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 various 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The institution is made up of three major departments namely the Corporate Services Department, the Registration and Analysis department and Inspection and enforcement department. These departments have been instrumental in carrying out the mandate of the Board with the compliance and enforcement department inspecting approximately 8,320 premises compared to last year's 8,054 this represents a 3.3% increase.

Premises Inspection

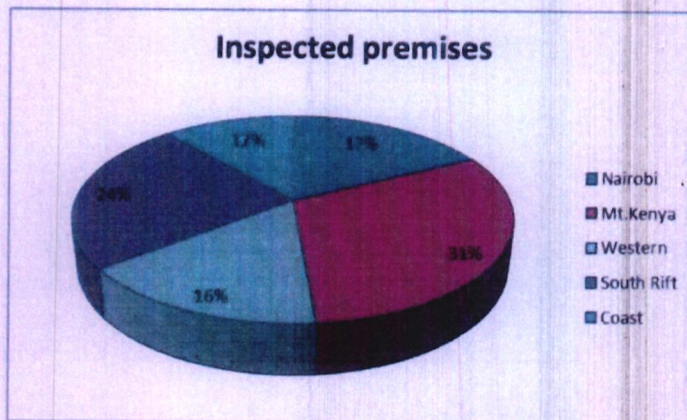
Pesticides premises are categorized as follows:

- Manufacturers/formulators
- Repackers.
- Warehousing
- Storage and use
- Wholesalers
- Distributors
- Supermarkets
- Retailers
- Pest control operators
- Local agents

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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1. A) INSPECTED PREMISES

| Region | 1 st quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | TOTAL |
|---------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------|
| Nairobi | 158 | 179 | 198 | 791 | 1326 |
| Mt. Kenya | 105 | 249 | 838 | 1167 | 2359 |
| South Rift | 1 | 186 | 634 | | |
| Western | 20 | 140 | 1137 | 531 | 1828 |
| Coast | 78 | 3 | 399 | 394 | 874 |
| TOTALS | 362 | 757 | 3206 | | |



2. A) TRAINING AND AWARENESS CREATION

The inspection and compliance department undertakes training of various pesticides stakeholders in the country to ensure prudent pesticide management throughout pesticides chain. Users are sensitized on the need to handle and use pesticides responsibly by reading and adhering to the label recommendations.

Increased consumer food safety concerns and quality standards challenges, like non-compliance with the market requirement resulting in interception of produce in the international market, emerging issues related to constant changes in MRLs, new EU regulations on pesticides and conformity of fruits and vegetables have made it necessary to ensure that farmers are trained on how to use pesticides responsibly.

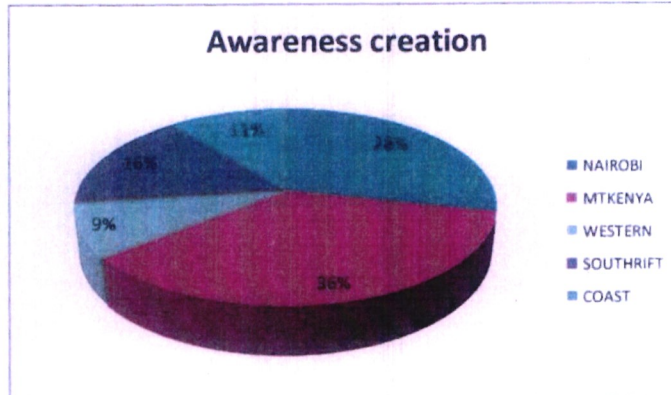
The need to safeguard human health and environment is also emphasized by stressing on the need to dispose empty pest control products containers responsibly as well as manage chemical effluent in an environment friendly manner.

PEST CONTROL PRODUCTS BOARD
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Various awareness raising activities were conducted as stipulated below

Training activities for the Financial Year 2017/2018

| Region | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter | TOTALS |
|------------|-------------------------|-------------------------|-------------------------|-------------------------|--------|
| Nairobi | 2 | 4 | 5 | 2 | 13 |
| Mt. Kenya | 5 | 4 | 5 | 4 | 18 |
| South Rift | 2 | 1 | 3 | 2 | 8 |
| Western | 4 | 2 | 2 | 3 | 11 |
| Coast | 2 | 1 | 2 | 4 | 9 |



The Registration and analysis department received 262 applications against 273 in the previous year; 414 permits for trial purposes were issued against 417 received in the previous year. 156 applications were considered by the Board for registration of which 89 were approved against 38 approved in the previous period representing a 134% Increase. This was due to backlog which had been occasioned by lack of a fully constituted Board of Management which bears the responsibility of registering Pesticides during the previous period.

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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2017/18: Annual report; Executive Summary

| Issue | Indicator | Number |
|---|--|--------------------------------------|
| Product registration | Total No New dossiers received | 262 |
| | Accepted dossiers | 195 |
| | Rejected dossiers | 67 |
| | Experimental permits issued to various accredited institutions | 414 |
| | Total Number of New Applications considered for registration | 156 |
| | No. of Pest Control Products granted full registration | 89 |
| | Cumulative number of registered products (Total) | 1360 |
| | Pesticides registered for use in crops | 1107 |
| | Products registered for use in public health | 134 |
| | Products registered for use in animal health | 42 |
| | Technical grade materials | 77 |
| | No of Label extensions approved | 85 |
| | No of products deregistered | 8 |
| | Number of products approved for change of trade name | 9 |
| | Imports/exports | Volume of pesticide imported (in Kg) |
| Efficacy trials | Number of accredited institutions in the year | 3 MIAD, EZNA, KARLO KIBOS |
| | Number of samples sent for efficacy trials | 268 |
| Laboratory sampling and analysis | Number of samples analyzed | 347 |

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
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The income generated during the year from both internal and external sources was approximately Kshs 160 million against Kshs 161 million the previous year, Which represents a 0.6% decrease. 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 limited human resource capacity with the year under review having a total staff force of 70 against 74 in the previous period. In the period we also offered 5 internships and 27 attachments opportunities lasting between three and six months. This by all means is well within 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 that the improvements will enable us serve the public better and more efficiently.

The Board is also at an advanced stage of repealing the current Act to comply 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 reputable regulator and agro business facilitator, ensuring food security, clean environment and also mitigate against the potential hazards stemming from use of pesticides.

In summary, the management is committed to improving the outlook of the Board to effectively carry out its mandate in a prudent and professional manner.

Board of Directors

The Board consists of, 16 directors. The Directors possess qualification and a wide range of expertise and experience to enable them to contribute effectively 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 oversee proper governance and the effective control over the company's assets and operations.

The Board of Management meets at least 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 2018

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 various 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The institution is made up of three major departments namely the Corporate Services Department, the Registration and Analysis department and Inspection and enforcement department. These departments have been instrumental in carrying out the mandate of the Board with the compliance and enforcement department inspecting approximately 8,320 premises compared to last year's 8,054 this represents a 3.3% increase.

Premises Inspection

Pesticides premises are categorized as follows:

- Manufacturers/formulators
- Repackers.
- Warehousing
- Storage and use
- Wholesalers
- Distributors
- Supermarkets
- Retailers
- Pest control operators
- Local agents

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2018

- 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 on-going 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 carrying out reforestation of part of the Mt. Kenya Forest that had been razed by fire. PCPB adopted over 2Ha of the forest and planting over 2,000 seedlings in the Ontulili Forest in Meru County.

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2018

REPORT OF THE DIRECTORS

The Directors submit their report together with the un audited financial statements for the year ended June 30, 2018 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 Management who served during the year are shown on pages vi to xviii 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 2018

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, 2018.

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, 2018, and of the Pest Control Products Board's financial

PEST CONTROL PRODUCTS BOARD
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2018

position as at that date. Which indicates a net surplus of Kshs 21,565,295 and fixed assets of Kshs 399,140,179.

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 20, September 2018 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 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Pest Control Products Board set out on pages 33 to 53, which comprise the statement of financial position as at 30 June 2018, 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 35 of the Public Audit Act, 2015. 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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Pest Control Products Board as at 30 June 2018 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 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Pest Control Products Board in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described under Other Matter and in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections, I have determined that there are no Key Audit Matters to communicate in my report.

Report of the Auditor-General on the Financial Statements of Pest Control Products Board for the year ended 30 June 2018

Other Matter

The Veterinary Medicines Directorate was created as a separate entity from Pest Control Products Board through Kenya Gazette Notice No.9122 of 26 October, 2016 and inaugurated on 18 October 2017. According to the Gazette Notice, the functions of the Veterinary Medicines Directorate includes, regulating the manufacturing, importation, exportations, registration, distribution, prescriptions and dispensing of veterinary medicine. These functions were previously being performed by the Pest Control Products Board and were the main sources of its revenue.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described under Other Matter and in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described under Other Matter and in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of a Substantive Internal Auditor

The Board 's Internal Auditor resigned on 5 March 2018, a position the Board has not filled to date. This has impacted negatively on the operations of the internal audit unit and Audit Committee of the Board, respectively. Under the circumstances, the Board is at risk of gaps

in its internal control and risk management, and governance systems may not operate effectively as required.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. Those standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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 maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability of Pest Control Products Board to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective manner.

Those charged with governance are responsible for overseeing the Pest Control Products Board's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Pest Control Products Board policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

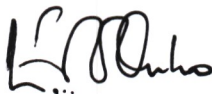
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Pest

Control Products Board to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to sustaining its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Pest Control Products Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

09 April 2019

PEST CONTROL PRODUCTS BOARD

Statement of Financial Performance

For the year ended 30 June 2018

| | | 2017/2018 | 2016/2017 |
|---|-------------|--------------------|--------------------|
| | Note | (Shs.) | (Shs.) |
| Revenue from non exchange transactions | | | |
| License and Permits | 4 | 80,489,409 | 76,838,775 |
| Government Grant | 3 | 127,800,000 | 82,424,796 |
| Revenue from exchange transactions | | | |
| Other Receipts | 4 | 4,914,852 | 1,450,660 |
| Total Revenue | | 213,204,261 | 160,714,231 |
| Expenses | | | |
| Staff Costs | 5 | 119,823,368 | 89,473,378 |
| Administration Expenses | 10 | 52,998,429 | 48,247,108 |
| Depreciation & Amortization | 6 | 18,104,241 | 18,321,642 |
| Total Expenditure | | 190,926,038 | 156,042,128 |
| Net Surplus for the year | | 22,278,223 | 4,672,103 |

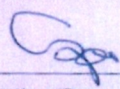
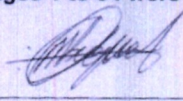
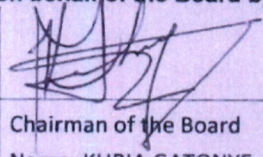
PEST CONTROL PRODUCTS BOARD

Statement of Financial Position

as at 30 June 2018

| | NOTE | 2017/2018 | | 2016/2017 | |
|---------------------------------------|------|-------------|--------------------|-----------------------|--------------------|
| | | (Shs.) | (Shs.) | (Shs) | (Shs) |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Receivable from exchange transactions | 12 | 6,561,388 | | 4,790,373 | - |
| Bank/Cash Balances | 11 | 41,585,729 | 48,147,117 | 2,150,274 | 6,940,647 |
| Non-Current Assets | | | | | |
| Property, Plant and Equipment | 22 | 360,569,461 | | 383,669,213 | - |
| Work in Progress | 22 | 39,502,587 | | | |
| Intangible Assets | - | - | 400,072,048 | - | 383,669,213 |
| Total Assets | | | 448,219,165 | - | 390,609,861 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and Reserves | | | | | |
| Capital Reserves | 16 | 67,354,425 | | 34,942,682 | - |
| Revaluation Surplus | 18 | 11,830,357 | | 11,830,357 | - |
| Accumulated Surplus | 17 | 340,102,417 | 419,287,199 | 342,739,370 | 389,512,409 |
| Current Liabilities | | | | | |
| Trade Payables | 14 | 1,786,012 | | 746,669 | - |
| Provisions | 15 | 27,145,953 | 28,931,965 | 350,782 | 1,097,451 |
| Total Equity and Liabilities | | | 448,219,165 | 390,609,861.00 | |

The Financial Statements set out on pages 1 to 54 were signed on behalf of the Board by:

| | | |
|---|---|---|
|  |  |  |
| Chief Executive/Secretary Name: PETER OPIYO Date 14/3/2019 | Manager Finance & Planning Name: JAMES MWAURA ICPAK No. 14575 Date 14/3/2019 | Chairman of the Board Name: KURIA GATONYE Date 14/3/2019 |

PEST CONTROL PRODUCTS BOARD

Statement of Changes in net Assets

For the year ended 30 June 2018

| | Capital Reserves | Revaluation Reserves | Accumulated Surplus | Total |
|--|-----------------------------|---------------------------------|--------------------------------|--------------|
| | (Shs.) | (Shs.) | (Shs.) | (Shs.) |
| Balance as at 1 July 2016 | | | | |
| As Previously Stated | 34,942,682 | 11,830,357 | 338,067,267 | 384,840,306 |
| Prior Year Adjustments Note 21 | - | - | (1,395,250) | (1,395,250) |
| As Restated | 34,942,682 | 11,830,357 | 336,672,017 | 383,445,056 |
| Net surplus/(deficit) for the year (Restated) | - | - | 4,813,920 | 4,813,920 |
| At 30 June 2017 | 34,942,682 | 11,830,357 | 341,485,937 | 388,258,976 |
| At 1 July 2017 | 34,942,682 | 11,830,357 | 341,485,937 | 388,258,976 |
| Net surplus/(deficit) for the year | - | - | 22,278,223 | 22,278,223 |
| Development Grant | 8,750,000 | - | - | - |
| At 30 June 2018 | 43,692,682 | 11,830,357 | 363,764,160 | 410,537,199 |
| Transfer | 23,661,743 | - | (23,661,743) | - |
| At 30 June 2018 | 67,354,425 | 11,830,357 | 340,102,417 | 419,287,199 |

PEST CONTROL PRODUCTS BOARD

Statement of Cash Flows

for the year ended 30 June 2018

| | Notes | 2017/2018 (Shs.) | 2016/2017 (Shs.) |
|--|-------|---------------------|---------------------|
| Cash flow from operating Activities | | | |
| License and Permits | 4 | 80,489,409 | 76,838,775 |
| Government grant and subsidies | 3 | 136,550,000 | 82,424,796 |
| Other Incomes, rentals and agency fees | 4 | 3,960,748 | 1,450,660 |
| | | 221,000,157 | 160,714,231 |
| Payments | | | |
| Compensation to employees | 5 | 93,025,415 | 89,473,378 |
| Administration expenses | 10 | 55,079,894 | 48,745,766 |
| | | 148,105,309 | 138,219,144.00 |
| Net cashflow from operating activities | | 72,894,848 | 22,495,087 |
| Cashflow from Investing Activities | | | |
| Decrease/Increase in Investment in Government Securities | 13 | - | - |
| Purchase of Property Plant & Equipment | 22 | 33,459,393 | (25,383,015) |
| Net cash used in investing activities | | 33,459,393 | (25,383,015) |
| Financing Activities | | | |
| Cashflow from financing activities | | - | - |
| Increase/(Decrease) in cash and cash equivalents | | 39,435,455 | (2,887,928) |
| Cash and cash equivalents at the start of the year (Re-stated) | | 2,150,274 | 5,038,202 |
| Cash and cash equivalents at the end of the year | 11 | 41,585,729 | 2,150,274 |

PEST CONTROL PRODUCTS BOARD

STATEMENT OF COMPARISON AND ACTUAL AMOUNTS JUNE 2018

| | | Original Budget | Adjustments | Final Budget | Actual comparable basis | Performance Difference |
|-------------|---------------------------|--------------------|---------------------|--------------------|-------------------------|------------------------|
| | Revenue | 2017-2018 | | 2017-2018 | 2017-2018 | 2017-2018 |
| 640 | Accumulated funds | - | 24,000,000 | 24,000,000 | 23,661,743 | 338,257 |
| | Interest from investments | - | 500,000 | 500,000 | 531,607 | 31,607 |
| 660 | License Fees | 93,720,000 | 4,080,000 | 97,800,000 | 80,489,409 | 17,310,591 |
| 670 | Miscellaneous Receipts | - | 2,000,000 | 2,000,000 | 4,383,245 | 2,383,245 |
| 690 | Government Grants | 242,156,889 | (98,106,889) | 144,050,000 | 136,550,000 | 7,500,000 |
| | Total Income | 335,876,889 | (67,526,889) | 268,350,000 | 245,616,004 | 22,733,996 |
| Code | Expenses | | | | | |
| 131 | Board Expenses | 7,354,000 | 684,000 | 6,670,000 | 6,965,278 | 295,278 |
| | Personnel Emoluments | 119,847,972 | (22,895,381) | 142,743,353 | 119,823,368 | 22,919,985 |
| | Operational Expenses | 106,536,916 | 43,250,269 | 63,286,647 | 64,137,392 | 850,745 |
| | Capital Expenditure | 102,138,000 | 67,988,000 | 34,150,000 | 33,459,393 | 690,607 |
| | Total | 335,876,888 | 89,026,888 | 246,850,000 | 224,385,431 | 22,464,569 |

Notes

660 License fees: Revenue from license fees was less by 18%. This resulted from low level of imports of pesticides which is the main source of license fees and the surrender of all veterinary products management to veterinary medicines directorate.

Personnel Emoluments: The expenditure was more by 23% as a result of provision for salary review which was envisaged after the review of the HR documents which were not cleared by close of the year but the same will be effected in the F/Y 2018-2019

The variance in Government grants was occasioned by reduction of the approved development budget from Kshs 35 million to 8.75 million by the National treasury.

Notes to the Financial Statements

For the year ended 30 June 2018

NOTES TO THE FINANCIAL STATEMENTS

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

The Pest Control Products Board (PCPB) 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 (Kshs), which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Kshs 000). 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.

The directors have not applied any of the new and revised standards in issue but not yet effective and we do not foresee any significant impact in the preparation of the financial statements during the year. Pest Control Products Board did not adopt any new standards in the preparation of financial statements for the year ended 30 June 2018.

2. Summary of significant accounting policies

a) Revenue recognition

i) **Revenue from non-exchange transactions – IPSAS 23 Fees.**

Pest Control Products Board (PCPB) recognizes revenues from fees, 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,

PEST CONTROL PRODUCTS BOARD

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. This includes deposits with service providers and prepayments when the terms of contract requires we prepay.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes – IPSAS 12

Corporate Tax

Pest Control Products Board is fully funded by exchequer and is not a body Corporate but a semi-autonomous Government agency and therefore not responsible for payment of corporate tax.

d) 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, PCPB 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 o 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% (8years), Furniture12.5% (8 years), Motor Vehicles 25% (4 years), Computer Equipment 33.3% (3 years), Lab equipment 12.5% (8 years).

i) Research and development costs

PCPB 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

PEST CONTROL PRODUCTS BOARD

Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. PCPB has receivables held by other entities in form of deposits. Also when there is an amount of cash that is not put into immediate use, PCPB invests such money in treasury bills which it holds to maturity or rediscount them as the case may be.

i) 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. PCPB recognizes all financial liabilities initially, at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

j) Provisions – IPSAS 19

PCPB recognizes provisions when it 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.

PEST CONTROL PRODUCTS BOARD

Where PCPB 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.

PCPB makes 0.2% general provision of total debtors. For Financial 2017/2019, PCPB made a specific provision of Kshs 79,160 being the outstanding amount of dishonored cheques which are more than eight years old.

k) Nature and purpose of reserves

PCPB have created and maintains a Capital reserve, Revaluation Reserve and Accumulated Surplus/Retained earnings reserves. These reserves are exclusively used in acquiring fixed assets for the organization.

l) Employee benefits – IPSAS 25

Retirement benefit plans

PCPB provides retirement benefits for its employees. The institution has established a defined contribution plan which post-employment benefit plans under which an PCPB pays fixed contributions into a separate entity 15% of the basic salary of every employee (a fund), the contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

m) Related parties – IPSAS 20

PCPB 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. The central government is regarded as a related party in this case.

n) Cash and cash equivalents

in the case of PCPB, 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

PEST CONTROL PRODUCTS BOARD

for at the end of the financial year. The cash and cash equivalent at the end of the year were as follows;

o) Comparative figures

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

p) 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, 2017.

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

The preparation of PCPB'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.

The assumptions made while preparing the Financial statements include;

That the National treasury shall continue funding the activities of PCPB in the foreseeable future. That there shall be no change in Law or policy that will significantly affect the operations/existence of PCPB

Useful lives and residual values

The useful lives and residual values of assets have been assessed using Open Market value methodology

Provisions

Provisions have been made at 0.2% of the doubtful debt.

PEST CONTROL PRODUCTS BOARD

3. Revenue from non-exchange transactions

a) Transfers from Ministries, Departments and Agencies

| Name of the Entity sending the grant | Amount recognized to Statement of Comprehensive Income Kshs | Amount deferred under income Kshs. | Amount recognized in capital fund. | Total grant income during the year | 2015-2016 |
|--------------------------------------|---|------------------------------------|------------------------------------|------------------------------------|-------------------|
| | | | KShs | KShs | KShs |
| State Department of Agriculture | 127,800,000 | - | 8,750,000 | 136,550,000 | 86,127,039 |
| Total | 127,800,000 | - | 8,750,000 | 136,550,000 | 86,127,039 |

4. Other income

| | 2017-2018 | 2016-2017 |
|---|-------------------|-------------------|
| | Shs 000 | Shs 000 |
| License fee income | 80,489,409 | 76,838,775 |
| Other receipts (Interest on Investments+ Miscellaneous incomes) | 4,914,852 | 1,450,660 |
| Total other income | 85,404,261 | 78,289,435 |
| Other receipts for cash flow purpose | | |
| Other receipts (Interest on Investments+ Miscellaneous incomes) | 4,914,852 | 1,450,660 |
| Advance interest on investments | - | - |
| Total other receipts | 4,914,852 | 1,450,660 |

PEST CONTROL PRODUCTS BOARD

5. Employee costs

| | 2017-2018 Shs | 2016-2017 Shs |
|------------------------------|--------------------------|--------------------------|
| Basic Salary and Wages | 68,423,175 | 46,219,971 |
| Commuter allowance | 6,288,216 | 5,619,000 |
| Company NSSF Contribution | 6,824,111 | 6,794,506 |
| House allowance | 24,102,133 | 21,485,000 |
| Medical allowance | - | - |
| Medical Expenses Exgratia | - | - |
| Medical Expenses Cover | 8,932,408 | 6,073,778 |
| Other Personal allowances | 1,573,617 | 1,436,673 |
| Passage and Leave allowances | 1,279,883 | 768,450 |
| Service Gratuity | 1,147,825 | - |
| Telephone Allowance | 1,252,000 | 1,076,000 |
| Employee costs | 119,823,368 | 89,473,378 |

6. Depreciation and amortization expense

| | 2017-2018 Shs | 2016-2017 Shs |
|--|--------------------------|--------------------------|
| Property, plant and equipment | 18,104,241 | 18,179,825 |
| Intangible assets | - | - |
| Investment property carried at cost | - | - |
| Total depreciation and amortization | 18,104,241 | 18,179,825 |

7. Repairs and maintenance

| | 2017-2018 Shs | 2016-2017 Shs |
|----------|--------------------------|--------------------------|
| Property | 452,860 | 2,400 |

PEST CONTROL PRODUCTS BOARD

| | | |
|---------------------------------------|------------------|------------------|
| Investment property – earning rentals | - | - |
| Equipment | 254,331 | 49,656 |
| Vehicles | 2,255,436 | 1,376,303 |
| Other | - | - |
| Total repairs and maintenance | 2,962,627 | 1,428,359 |
| <u>8. Contracted services</u> | | |
| | 2017-2018 | 2016-2017 |
| | Shs | Shs |
| Actuarial valuations | - | - |
| Investment valuations | - | - |
| Property valuations | - | - |
| Others | 2,017,640 | 1,462,339 |
| Total contracted services | 2,017,640 | 1,462,339 |
| <u>9. Grants and subsidies</u> | | |
| | 2017-2018 | 2016-2017 |
| | Shs | Shs |
| Community development | - | - |
| Education initiatives and programs | - | - |
| Social development | 100,000 | 67,512 |
| Community trust | - | - |
| Sporting bodies | - | - |
| Total grants and subsidies | 100,000 | 67,512 |

PEST CONTROL PRODUCTS BOARD

10. Administration expenses

The following are included in general expenses:

| | 2017-2018 | 2016-2017 |
|--|------------------|------------------|
| | Shs | Shs |
| Advertising and Publicity | 1,031,270 | 300,000 |
| Audit fees | 348,000 | 696,000 |
| Bank Charges | 282,180 | 186,001 |
| Board Expenses | 6,965,278 | 8,680,664 |
| Computer Expenses | 571,120 | 649,730 |
| Contracted Professional Services | 2,017,640 | 1,462,339 |
| Donations | 100,000 | 67,512 |
| Exhibitions and Shows | 695,753 | 534,186 |
| External Traveling | 2,481,169 | 4,744,036 |
| Electricity and Water | 1,029,957 | 1,033,757 |
| Insurance | 1,296,627 | 1,428,327 |
| Library Expenses | 284,194 | 275,420 |
| Maintenance of Buildings & Stations | 452,860 | 2,400 |
| Maintenance of Plant & Machinery & Equipment | 254,331 | 49,656 |
| Motor Vehicle Maintenance | 2,255,436 | 1,376,303 |
| Miscellaneous & Consumerable Stores | 1,968,651 | 2,073,104 |
| Laboratory Consumables | 364,809 | 191,564 |
| Official Entertainment | 60,880 | 108,562 |
| Postal and Telegram | 1,138,230 | 962,405 |
| Printing & Publication | 146,400 | 271,070 |
| Purchase of Fungicides | 133,000 | 129,625 |
| Purchase of Staff Uniform | 179,695 | - |
| Purchase of Stationary | 1,249,519 | 641,353 |
| Rent & Rates | | |

PEST CONTROL PRODUCTS BOARD

| | | |
|---------------------------------|-------------------|-------------------|
| | 4,231,354 | 4,304,091 |
| Telephone Expenses | 131,023 | 137,229 |
| Training Expenses | 1,063,334 | 1,752,270 |
| Transport Operating Expenses | 3,221,639 | 3,373,374 |
| Traveling & Accommodation | 18,964,920 | 12,816,130 |
| Bad debts written off | - | - |
| Increase/Decrease in Provisions | 79,160 | - |
| | 52,998,429 | 48,247,108 |

11. Cash and cash equivalents

| | 2017-2018 Shs | 2016-2017 Shs |
|--|-------------------|------------------|
| Bank | | |
| 731026785 BBK | 778,780 | 59,292 |
| 1106876067 KCB | 24,246,570 | 2,074,186 |
| 1106877357 KCB | 16,560,379 | 16,796 |
| Total cash and cash equivalents | 41,585,729 | 2,150,274 |

12. Receivables from exchange transactions

| | 2017-2018 Shs | 2016-2017 Shs |
|----------------------------------|------------------|------------------|
| Current receivables | | |
| Medical Insurance | 3,898,617 | 3,036,889 |
| City Council of Nairobi | 150,000 | 215,188 |
| PS Ministry lands and Housing | 251,438 | 150,000 |
| Postage and Mail | - | - |
| Office consumables | - | - |
| Other exchange debtors | 2,261,333 | 1,388,297 |
| Total current receivables | 6,561,388 | 4,790,374 |
| Non-current receivables | | |
| Public organizations | - | - |

PEST CONTROL PRODUCTS BOARD

| | | |
|--|------------------|------------------|
| Total non-current receivables | - | - |
| Total receivables | 6,561,388 | 4,790,374 |
| <u>13. Investments</u> | | |
| Investments at Face value (Treasury Bills) | 2017-2018 | 2016-2017 |
| | Shs | Shs |
| Face value Balance as at 31/06/2014 | - | - |
| Addition/Reduction during the year | - | - |
| Add Advance Interest | - | - |
| Interest income | - | - |
| Interest on matured investment (2083/061) | - | - |
| Tax on investment | - | - |
| Amount invested. | - | - |
| Investment at Face Value 30 June 2015 | - | - |

14. Trade and other payables from exchange transactions

| | 2017-2018 | 2016-2017 |
|---------------------------------------|------------------|------------------|
| | Shs | Shs |
| Total Kenya Ltd Fuel accrued expenses | - | 531,448 |
| Kenya Power and lighting company | 74,583 | 90,982 |
| Safaricom Ltd | 5,641 | 6,809 |
| Air Tell | - | - |
| Retention NK Brothers | 1,316,799 | - |
| Prime Rigs & Drillers | 117,430 | 117,430 |
| VAT | 61,019 | - |
| Rent Deposit. Hot cultural Council | - | 210,540 |
| Total | - | - |

PEST CONTROL PRODUCTS BOARD

| | 1,786,012 | 746,669 |
|---|-------------------|------------------|
| <u>15. Provisions</u> | | |
| General provision @ 0.2 | | |
| | 2017-2018 | 2016-2017 |
| | Shs | Shs |
| KENAO (Audit Provision for Audit fees) | 348,000 | 348,000 |
| Provision for Salary Review | 26,797,953 | |
| Increase/Decrease in provision | - | 2,782 |
| Total | 27,145,953 | 350,782 |
| Specific Provision(Dishonored cheques) | 79,160 | - |

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. In addition there has been transfer from retained earnings.

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 Related Party Disclosures

(a) The entity is related to:

- i) The National government
- ii) The Parent Ministry
- iii) Key management
- iv) Board of directors

PEST CONTROL PRODUCTS BOARD

| (b) Related party transactions | 2017-2018 | 2016-2017 |
|---------------------------------------|--------------------|-------------------|
| | KShs | KShs |
| i) The Parent Ministry | 136,550,000 | 82,424,796 |
| iii) Key management | 13,860,210 | |
| iv) Board of directors | 6,965,278 | 8,680,664 |
| | 157,375,488 | 91,105,460 |

20 Financial risk management

(ii) Liquidity risk management

| | Less than 1 month | Between 1-3 months | Over 5months | Total |
|------------------------|--------------------------|---------------------------|---------------------|-------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2018 | | | | |
| Trade Payables | 1,458,042 | - | 117,430 | 1,575,472 |
| Provisions | 27,145,953 | - | - | 27,145,953 |
| Total | 28,603,995 | - | 117,430 | 28,721,425 |
| At 30 June 2017 | | | | |
| Trade Payables | 629,239 | - | 117,430 | 746,669 |

PEST CONTROL PRODUCTS BOARD

| | | | | |
|--------------|----------------|----------|----------------|----------------|
| Provisions | 2,782 | - | - | - |
| Total | 632,021 | - | 117,430 | 746,669 |

21 Prior Year Adjustment

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

The following expense relating to PAYEEE in F/Y 2016/2017, was expensed and later reversed following the discovery of an error in the amount that had been expensed therefore overcasting the net surplus for the year by a similar amount. The same has been adjusted by debiting retained earnings by an equivalent amount.

| | |
|---------------------|---------------------|
| | 'Kshs |
| PAYEE for June 2016 | 1,395,250.00 |
| | 1,395,250.00 |

PEST CONTROL PRODUCTS BOARD

22. Property, plant and equipment

| | Construction Work in progress | Land | Buildings | Computer Equipment | Office Equipment | Office Furniture | Motor Vehicle | Lab Equipment | Total |
|-----------------------------|-------------------------------------|------------|-------------|-----------------------|---------------------|---------------------|------------------|------------------|-------------|
| Depreciation Rate | 0% | 0% | 2% | 33.3% | 12.5% | 12.5% | 25% | 12.5% | |
| Cost or valuation | | | | | | | | | |
| As at 1 July 2016 | - | 35,000,000 | 349,058,705 | 2,721,513 | 10,648,527 | 7,246,926 | 31,000,000 | 1,821,500 | 437,497,171 |
| Additions | 7,090,844 | - | - | 227,720 | 15,500 | - | - | - | 7,334,064 |
| Disposal | - | - | - | - | - | - | - | - | - |
| Transfers/Adjustment | - | - | - | - | - | - | - | - | - |
| As at 30 June 2017 | 7,090,844 | 35,000,000 | 349,058,705 | 2,949,233 | 10,664,027 | 7,246,926 | 31,000,000 | 1,821,500 | 444,831,235 |
| As at 1 July 2017 | 7,090,844 | 35,000,000 | 349,058,705 | 2,949,233 | 10,664,027 | 7,246,926 | 31,000,000 | 1,821,500 | 444,831,235 |
| Additions | 32,411,743 | - | - | 709,650 | - | 338,000 | - | - | 33,459,393 |
| Disposal | - | - | - | - | - | - | - | - | - |
| Transfers /Adjustment | - | - | - | - | - | - | - | - | - |
| As at 30 June 2018 | 39,502,587 | 35,000,000 | 349,058,705 | 3,658,883 | 10,664,027 | 7,584,926 | 31,000,000 | 1,821,500 | 478,290,628 |
| Depreciation and Impairment | - | - | - | - | - | - | - | - | - |
| Balance as at 1 July 2016 | - | 20,618,882 | 1,812,528 | 2,641,842 | 1,811,752 | 15,500,000 | 455,376 | 42,840,380 | |

PEST CONTROL PRODUCTS BOARD

| | | | | | | | | |
|---------------------------|---|------------|-------------|-----------|-----------|------------|-----------|-------------|
| Charge for the Year | - | - | 982,095 | 1,333,003 | 905,866 | 7,750,000 | 227,688 | 18,179,825 |
| Accumulated Depreciation | - | - | 2,794,623 | 3,974,845 | 1,811,752 | 23,250,000 | 683,064 | 60,114,340 |
| As at 30 June 2017 | - | - | 2,794,623 | 3,974,845 | 1,811,752 | 23,250,000 | 683,064 | 60,114,340 |
| Depreciation | - | - | 864,260 | 1,333,003 | 948,116 | 7,750,000 | 227,688 | 18,104,241 |
| Disposal | - | - | - | - | - | - | - | - |
| Transfers/Adjustments | - | - | - | - | - | - | - | - |
| At 30 June 2018 | - | - | 3,658,883 | 5,307,849 | 2,759,868 | 31,000,000 | 910,751 | 78,218,580 |
| Net Book Values | - | - | - | - | - | - | - | - |
| Valuation at 30 June 2018 | - | 35,000,000 | 314,477,475 | 0 | 5,356,178 | 4,825,058 | 910,749 | 360,569,461 |
| Valuation at 30 June 2017 | - | 35,000,000 | 321,458,649 | 154,610 | 6,689,182 | 4,529,308 | 1,138,437 | 376,720,185 |