

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



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**REPORT
OF
THE
AUDITOR-GENERAL**

ON

**FINANCIAL STATEMENTS OF KENYA
PLANT HEALTH INSPECTORATE
SERVICE FOR THE YEAR ENDED 30
JUNE 2010**



FINANCIAL STATEMENTS FOR YEAR 2009/2010



KENYA PLANT HEALTH INSPECTORATE SERVICE

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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 2010

I have audited the financial statements of Kenya Plant Health Inspectorate Service set out at pages 7 to 17 which comprise the Statement of Financial Position as at 30 June 2010, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, together with a summary of significant accounting policies and other explanatory information in accordance with the provisions of 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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that 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 controls 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 controls. 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.

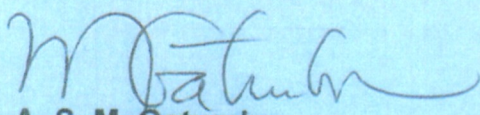
I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Property, Plant and Equipment

As similarly reported in the previous year, the Property, Plant and Equipment balance of Kshs.642,287,610 as at 30 June 2010 includes nine (9) parcels of land valued at Kshs.115,697,351, situated at Nakuru Municipality, Muguga-Kiambu, Kitale-Trans Nzoia, Kabete and Karen in Nairobi. However, and except for the land in Karen and Kabete, the Inspectorate does not possess ownership documents for the others. Further, and out of the 125.30 hectares of land in Kitale held by third parties, the Inspectorate has so far recovered 34.09, while the balance of 91.21 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.642,287,610 as at 30 June 2010 is fairly stated.

Opinion

Except for the foregoing reservation, in my opinion, the financial statements present fairly, in all material respects, the financial position of the Inspectorate as at 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Kenya Plant Health Inspectorate Service Order No.305 of 1996.


A. S. M. Gatumbu
AUDITOR GENERAL

Nairobi

14 December 2010

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KENYA PLANT HEALTH INSPECTORATE SERVICE

AUDITORS

Kenya National Audit Office
P O Box 30084-00100
NAIROBI

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

DOMICILE

Kenya



KENYA PLANT HEALTH INSPECTORATE SERVICE

REPORT OF THE DIRECTORS

YEAR ENDED 30TH JUNE 2010

In submitting the financial statements for the year ended 30th June 2010, we take pleasure in reporting that the year was good for KEPHIS following achievement of the targets set out at the beginning of the year. In particular, the maintenance of ISO 9001:2008 certification and the accreditation of our Analytical Chemistry and Seed Testing laboratories to ISO 17025 and ISTA respectively.

During the year, the strategies set out in the revised Strategic Business Plan 2008-2012 continued to guide the operations of the Corporation in line with the Vision 2030 Medium Term Plan. The Board and management were committed to alignment of the operations to the strategies and activities set out in Strategic Business Plan for delivery on the critical key result areas. These included compliance with set standards, sustained financial resource base, partnership with stakeholders, integrated quality assurance system, capacity to cope with technological advances and customer focus. Through this commitment, the vision of the Corporation "*The lead regulatory agency in agriculture*" became fully entrenched in the operations of the Corporation.

The Corporation continued to be guided by the provisions of the legal instruments setting out its mandate that is focused on regulatory functions and trade facilitation in diverse areas. These include plant variety protection, seed quality control, plant protection; quality control of agricultural inputs and produce; and the monitoring of the effect of agricultural activities on the environment with a view to ensuring acceptable plant health standards and sustainable land resource use. In relation to these responsibilities, the Corporation's performance was fulfilling.

The Corporation also continued with its initiatives intended to support the growth of the agricultural sector and its contribution to the economy. In that regard, exporters, importers and other stakeholders were sensitized on contemporary phytosanitary requirements and standards as well as in other aspects related to the operations of the Corporation. This initiative was intended to enable them compete favourably in the world market. This support to the sector has contributed to its growth and during the year, there was an increase in the quantity of fresh produce inspected for export whereby a total of 2,205,910 tons were inspected compared to 1,738,124.05 tons in 2008/2009. The continued increase in exports called for an increase in resource allocation in terms of finances as well as in the number of staff.

On the other hand, 56 applications for grant of Plant Breeder's Rights were received while a total of 812,723 tons of imported produce were inspected over the period compared to 1,014,624 tons during the previous year while a total of 17,307,573 plants and plant materials were imported in addition to 6.6 tons of seed. Under seed certification, a total of 25,474.01 hectares were inspected with 19,447.16 ha being approved.

KENYA PLANT HEALTH INSPECTORATE SERVICE

The Analytical Chemistry Laboratory provided analytical services with respect to analysis and certification of agro-input formulations, analysis of water for irrigation suitability, analysis of fertilizer formulations among others. In addition, pesticide residue analysis in agricultural plant produce was also undertaken and it was gratifying to note that none of the samples had residues that were above the Codex Maximum Residue Limits (MRLs).

Despite various challenges particularly with respect to budgetary provisions, the Corporation maintained a stable and competent workforce and all the employees were availed opportunities to undergo training both in their specialised areas as well as in management and other areas. Concerted efforts were also made towards enhancement of the team spirit and sense of belonging amongst the staff which has made the Corporation what it is. The Corporation was also able to achieve the performance targets set for the year and we undertake to continue giving our utmost in carrying out our mandate for the good of the country.

On behalf of the Board, we thank the Government, our clients and other stakeholders, who contributed to our success during the year. We also acknowledge with appreciation the support we have continued to receive from the development partners particularly with respect to infrastructure and staff capacity development

KENYA PLANT HEALTH INSPECTORATE SERVICE

Board of Directors

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

- Prof. Julia Ojiambo - Chairperson
- Dr. Vasey Mwaja
- Dr. Thomas Akuja
- Mr. Joseph K. Nthiwa
- Mrs Serah N. Kinyua
- Mr. Hussein Dado
- Mr. Patrick Afwade
- Permanent Secretary, Ministry of Finance - Alternate – Mr. Joseph Kariuki
- Permanent Secretary, Ministry of Agriculture- Alternate – Mr. John Mungai
- Dr. Chagemu J. Kedera - Managing Director/Secretary to the Board
(left service on 26th March, 2010)
- Dr. James M. Onsando - Managing Director/Secretary to the Board
(appointed effective 26th March, 2010)

KENYA PLANT HEALTH INSPECTORATE SERVICE

Corporate Governance Statement

The Board of Directors is responsible for the overall operations of the Corporation. In carrying out its functions, the Board is committed ensuring that all the activities are undertaken with utmost respect for integrity, compliance with the law, in line with the accepted standards and best practices in corporate governance.

The Board is conscious of its responsibilities as set out in the State Corporations Act and the Legal Notice No.305 of 19th October, 1996 and to achieve this, the Board has developed policies and created structures aimed at ensuring accountability at all levels of the organization. In particular, the Board is responsible for drawing and implementation of the strategies for the continued success and growth of the Corporation. In addition, it has the critical responsibility of overseeing the operations of the management.

To fulfil its mandate, the Board meets regularly and in accordance with the law (at least four meetings in a year) and has constituted various committees with specific terms reference as set out in its Charter. The Committees are: Finance and Administration Committee, Technical Committee and Audit Committee. Notices and agenda for all the meetings are circulated to the directors as required alongside the relevant documents for deliberation.

The Board and its Committees held a total of fifteen meetings during the year (full board – seven; finance & administration committee – 2; technical committee – 5; audit committee - 1), which were attended as shown below:

Member	F&A Committee Meetings	Technical Committee Meetings	Full Board Meetings	Audit Committee
Dr. Julia Ojiambo	1	1	7	-
Dr. Vasey Mwaja	-	7	7	-
Dr. Thomas Akuja	-	6	7	-
Mrs Serah N. Kinyua	2	1	7	-
Mr. Hussein Dado	1	1	7	-
Mr. Patrick Afwade	2	-	7	1
Mr. John Mungai	2	-	7	1
Mr. Joseph Kariuki	-	-	6	1
Eng. Joseph Kiawa Nthiwa	-	6	7	-
Christopher Ombega*	1	1	1	-
Chris Makokha*	-	-	1	-
John Muge*	1	-	-	-
Dominic Ndewa**	1	-	-	-

*Represented the Inspectorate of State Corporations

** Represented the Treasury

KENYA PLANT HEALTH INSPECTORATE SERVICE

In addition the Corporation submits all the quarterly and annual reports as stipulated under various Government guidelines.

The governance initiatives are complemented by the existence of a fully operational internal audit function comprising of professionally qualified auditors. The unit has the responsibility of continuous monitoring of the effectiveness and efficiency of the systems as well as compliance with the laws, policies and standards.

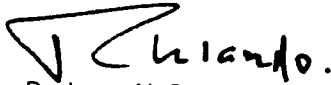
KENYA PLANT HEALTH INSPECTORATE SERVICE

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



Dr. Julia Ojiambo

CHAIRPERSON

KENYA PLANT HEALTH INSPECTORATE SERVICE

STATEMENT OF COMPREHENSIVE INCOME

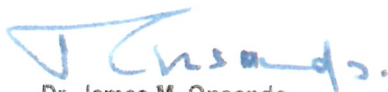
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTES	2009/2010 KSHS	2008/2009 KSHS
INCOME			
Recurrent Grants	3	447,999,999.00	423,000,000.00
Project Grants	3	113,241,210.00	48,236,789.00
Fees for Services Rendered	3	173,646,632.00	179,520,952.00
TOTAL COMPREHENSIVE INCOME	3	734,887,841.00	650,757,741.00
EXPENDITURE			
Personnel Costs	9	293,166,341.00	278,355,273.00
Other Operating Expenses	10	342,962,725.00	322,284,960.00
Depreciation	2	55,400,141.00	47,667,156.00
TOTAL EXPENDITURE		691,529,207.00	648,307,389.00
SURPLUS FOR THE YEAR		43,358,634.00	2,450,352.00

KENYA PLANT HEALTH INSPECTORATE SERVICE

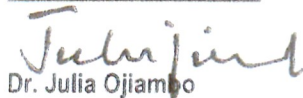
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2010

	NOTES	2009/2010 KSHS	2008/2009 KSHS
ASSETS			
Non Current Assets			
Property, Plant and Equipment	2	642,287,610.00	539,297,480.00
		642,287,610.00	539,297,480.00
Current Assets			
Cash and Bank Balances	4	86,039,575.00	78,778,404.00
Investment in Government Securities	5		49,271,125.00
Debtors and Prepayments	7	158,925,913.00	79,097,323.00
		244,965,488.00	207,146,852.00
TOTAL ASSETS		887,253,098.00	746,444,334.00
GENERAL FUNDS AND LIABILITIES			
General Funds			
Reserves	11	849,632,425.00	716,595,273.00
		849,632,425.00	716,595,273.00
Current Liabilities			
Creditors	6	37,620,673.00	29,849,061.00
		37,620,673.00	29,849,061.00
		887,253,098.00	746,444,334.00



Dr. James M. Onsando

MANAGING DIRECTOR



Dr. Julia Ojiambo

CHAIRPERSON

29th Nov 2010

Date

29th Nov. 2010

Date

KENYA PLANT HEALTH INSPECTORATE SERVICE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTES	2009/2010 KSHS	2008/2009 KSHS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from Operations	13	23,223,344.00	33,299,067.00
Interest Received	3	312,375.00	1,796,582.00
Donor Refunds	1	(380,277.00)	(4,410,483.00)
Net Cash Generated from Operating Activities		23,155,442.00	30,685,166.00
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	14	(160,225,381.00)	(82,713,108.00)
Proceeds from Disposal of Fixed Assets	15	5,001,189.00	
Net Cash Generated from Investing Activities		(155,224,192.00)	(82,713,108.00)
CASH FLOWS FROM FINANCING ACTIVITIES			
EU Donation	12	90,058,795.00	12,701,229.00
Net Cash Generated from Financing Activities		90,058,795.00	12,701,229.00
NET INCREASE IN CASH AND CASH EQUIVALENTS		(42,009,955.00)	(39,326,713.00)
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At the beginning of the Year		128,049,529.00	167,376,242.00
Net Increase/(Decrease) in Cash and Cash Equivalents above		(42,009,955.00)	(39,326,713.00)
Cash and Cash Equivalents at the End of the Year		86,039,575.00	128,049,529.00

KENYA PLANT HEALTH INSPECTORATE SERVICE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2010

	NOTES	Revaluation Reserve KSHS	Revenue Reserve KSHS	Total KSHS
Balance at July 1, 2008		166,373,043.00	539,481,132.00	705,854,175.00
Surplus for the Year			2,450,352.00	2,450,352.00
EU Donation	12		8,290,746.00	8,290,746.00
Balance at June 30, 2009		166,373,043.00	550,222,230.00	716,595,273.00
Balance at July 1st 2009		166,373,043.00	550,222,230.00	716,595,273.00
Surplus for the Year			43,358,634.00	43,358,634.00
EU Donation	12		89,678,518.00	89,678,518.00
Balance at June 30, 2010		166,373,043.00	683,259,382.00	849,632,425.00

KENYA PLANT HEALTH INSPECTORATE SERVICE

NOTES TO THE FINANCIAL STATEMENTS

1) ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted remain unchanged from the previous year.

a) Revenue recognition

Revenue is recognised at the time the service is provided. Fees for services rendered and other miscellaneous receipts are recognised as revenue in the period in which the service is provided. Interest income is accrued on a time proportion basis. Project grants received directly from donors are recognised as revenue in the year of receipt.

b) Retirement benefits costs

The organisation operates a defined benefits provident scheme for eligible employees. The scheme is administered by an independent investment management company and is funded by contributions from both the employer and employee. The organisations obligations to staff retirement benefits plan are charged to the income statement as they fall due.

c) Property, plant and equipment

Properties held for use in the production or supply of goods and services or for administrative purposes are carried at cost. Freehold land is not depreciated as it is deemed to have an infinite life. Depreciation on other property is charged so as to write off the cost of the assets over their useful lives using the straight-line method, applied on pro rata basis for assets acquired or disposed off during the year. Depreciation is charged so as to write off the cost of property, plant and equipment to their residual values over their expected useful lives at the following rates:

- 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 30%

d) Treasury bills

Treasury bills are stated at cost. Interest is credited to income over the period of issue.

KENYA PLANT HEALTH INSPECTORATE SERVICE

f) Trade debtors

Trade debtors are stated at their nominal values as reduced by appropriate provision of 2.5% for estimated irrecoverable amounts.

g) Trade creditors

Trade creditors are stated at their nominal values

h) Provisions

Provisions are recognised when the organisation 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 realisable estimate can be made of the amount of the obligation.

i) Reporting Currency

The reporting currency of the financial statements is Kenya Shillings (KShs).

Exchange rate used is Kshs.81.5/ 1 USD

2) PROPERTY, PLANT AND EQUIPMENT

COST OR VALUATION	LAND	BUILDINGS	WORK IN PROGRESS	PLANT AND MACHINERY	MOTOR VEHICLES	COMPUTERS AND ACCESSORIES	OFFICE EQUIPMENT	FURNITURE AND FITTINGS	LABORATORY EQUIPMENT	TOTALS
At 1st July 2009	116,397,351	278,822,770	18,727,967	17,726,321	137,318,044	49,572,284	19,031,110	11,905,697	155,775,364	805,276,908
Additions	-	-	89,490,820	1,692,808	16,285,138	4,591,882	605,795	590,554	46,968,384	160,225,381
Disposal	-700,000	-	-	-	-13,013,358	-	-	-	-	(13,713,358)
At 30th June 2010	115,697,351	278,822,770	108,218,787	19,419,129	140,589,824	54,164,166	19,636,905	12,496,251	202,743,748	951,788,931
Depreciation - At 1st July 2009	-	30,425,077	-	8,063,826	99,768,456	33,863,489	8,154,807	7,100,236	78,603,535	265,979,426
Charge for the Year	-	5,576,456	-	1,842,271	16,612,906	8,866,434	2,028,795	1,039,540	19,433,739	55,400,141
Disposal	-	-	-	-	-11,878,247	-	-	-	-	(11,878,247)
At 30th June 2010	-	36,001,533	-	9,906,097	104,503,115	42,729,923	10,183,603	8,139,776	98,037,274	309,501,320
Net Book Value										
At 30th June 2010	115,697,351	242,821,237	108,218,787	9,513,032	36,086,709	11,434,243	9,453,302	4,356,475	104,706,474	642,287,610
Net Book Value										
At 30th June 2009	116,397,351	248,397,693	18,727,967	9,662,495	37,549,588	15,708,795	10,876,303	4,805,461	77,171,829	539,297,482

KENYA PLANT HEALTH INSPECTORATE SERVICE

3) INCOME

	2009/2010 KSHS	2008/2009 KSHS
Fees for services rendered	154,933,605.00	160,853,244.00
Miscellaneous receipts	4,382,119.00	3,277,702.00
Interest earned	312,375.00	1,796,582.00
Grants from Ministry of Finance	447,999,999.00	423,000,000.00
Gain on Sale of property	3,166,078.00	0.00
HORTICAP Project Grants	41,875,779.00	29,159,709.00
CABHORT Project Grants	13,375,087.00	11,643,880.00
Client Kenya Project Grants	41,173,767.00	
FAO Project Grants	4,355,827.00	0.00
COPE project grants	12,460,750.00	0.00
USAID PRA Project Grants	0.00	7,433,200.00
Conference & Accommodation Facilities	10,852,455.00	13,593,424.00
Total	734,887,841.00	650,757,741.00

4) CASH & BANK BALANCES

Current account I	8,633,054.00	15,342,431.00
Current account II	6,716,326.00	11,572,647.00
Regional offices	450,608.00	490,058.00
ADSP account	1,822,886.00	8,376,836.00
KEPHIS USD A/C	10,707,552.00	3,803,431.00
KEPHIS CABHORT Project	2,152,576.00	8,441,336.00
HORTICAP Programme Estimate	6,524,178.00	380,277.00
KEPHIS USAID PRA	1,191,898.00	4,497,151.00
CLIENT Kenya Project	26,513,180.00	0.00
CBA Account	20,948,209.00	25,672,912.00
Cash in hand	379,109.00	201,325.00
Total	86,039,575.00	78,778,404.00

5) FIXED DEPOSIT

Central Bank of Kenya

49,271,125.00

This represent investment in 91 days Treasury Bill undertaken on
11/05/2009 that matured on 10/08/2009

KENYA PLANT HEALTH INSPECTORATE SERVICE

6) CREDITORS

Trade creditors	8,924,218.00	12,074,267.00
Staff Pension & Group Life	5,944,354.00	4,209,151.00
KARI Pension Scheme Refund	0.00	5,126,961.00
Others	22,752,101.00	8,438,683.00
Total	37,620,673.00	29,849,061.00

7) DEBTORS & PREPAYMENTS

Net Trade debtors	83,762,124.00	61,994,017.00
Interest receivable	0.00	416,500.00
Advances	12,301,999.00	7,307,811.00
Deposits	52,930,592.00	2,930,592.00
Prepayments	9,931,199.00	6,448,405.00
Total	158,925,913.00	79,097,325.00

8) PROVISION FOR DOUBTFUL DEBT

Provision for doubtful debt	2,147,747.00	1,589,590.00
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9) PERSONNEL COSTS

	2009/2010 KSHS	2008/2009 KSHS
2110101 Personal Emoluments	166,552,111.00	145,712,520.00
2110301 Gratuity and Pension Contributions	25,955,348.00	24,654,997.00
2110302 House Allowance	60,027,500.00	59,827,000.00
2110311 Other Personal Allowances	24,496,700.00	30,322,876.00
2110308 Medical Allowance	9,912,000.00	9,774,000.00
2110310 Transfer Allowance	547,966.00	84,187.00
2210703 Training Expenses (Staff)	5,674,716.00	7,979,693.00
Total	293,166,341.00	278,355,273.00

KENYA PLANT HEALTH INSPECTORATE SERVICE

10) OTHER OPERATING COSTS

		2009/2010 KSHS	2008/2009 KSHS
2110202	Casual Labour	8,386,333.00	9,070,058.00
2210204	Internet Services	4,133,602.00	5,006,351.00
2110404	Passages and Leave Expenses	2,789,291.00	2,065,500.00
2110405	Medical Expenses	6,737,448.00	6,985,393.00
2640408	Transport Operating Expenses	5,362,047.00	3,703,041.00
2210301	Travelling and Accommodation Expenses	29,363,824.00	30,701,709.00
2210401	External Travel expenses	12,141,517.00	15,525,007.00
2210203	Postage and Telegram Expenses	2,381,344.00	2,230,684.00
2210201	Telephone Expenses	4,514,433.00	4,449,773.00
2210801	Catering services(reception)	6,330,701.00	8,947,800.00
2210802	Expenses of Boards Comm. & Conferences	3,778,858.00	2,889,117.00
2210101	Electricity Expenses	11,768,257.00	8,736,671.00
2210102	Water and Conservancy Expenses	195,849.00	873,775.00
2211023	Purchase of Supplies for Production	2,426,564.00	2,093,433.00
2211024	Purchase of Fungicides & Insecticide	-	300,000.00
2640411	Purchase of Laboratory Stores	21,767,091.00	29,094,357.00
2640412	Purchase of Food & Rations	2,082,161.00	1,724,838.00
2210502	Publishing and Printing Expenses	11,116,355.00	13,784,145.00
2211016	Purchase of Uniform and Clothing	3,361,338.00	1,687,259.00
2211009	Education & Library Expenses	588,016.00	558,630.00
2211101	General office supplies	4,452,031.00	4,720,342.00
2210504	Advertising and Publicity	5,474,881.00	4,753,951.00
2210505	Trade Shows & Exhibitions	6,671,358.00	6,666,284.00
2210603	Payment of Rents & Rates Non-Residential	2,506,272.00	2,283,026.00
2210604	Hire of Transport plant & machinery	-	-
2211310	Contracted Professional Services	3,474,450.00	4,359,286.00
2211201	Refined fuel & lubricants for transport	22,626,710.00	19,655,538.00
2211102	Supplies & Accessories for computers	15,711,180.00	12,905,444.00
2211301	Bank Charges & Commission	1,794,981.00	1,472,355.00
2211305	Contracted Guards & cleaning Services	11,007,278.00	10,150,628.00
2211317	Miscellaneous Expenses	625,293.00	1,190,033.00
2211318	Stakeholders Workshop	-	166,000.00
2640420	Vehicle Insurance and Road Tax	-	125,085.00
2210705	Training Expenses (Farmers)	4,488,174.00	4,061,098.00
2210706	Staff Counselling & Support Services	271,700.00	373,200.00
2210707	Compensation & Ex-Gratia Payment	20,635.00	-
2210901	Insurance Premiums	2,232,808.00	8,529,894.00
2220201	Maintenance of Plant Machinery & Equip.	12,716,028.00	8,839,292.00
2220101	Maintenance expenses for motor vehicles	12,855,515.00	12,416,428.00
2220205	Maintenance of Buildings and Stations	12,543,872.00	13,115,262.00
2640421	Minor Alterations and Repair Works	925,970.00	10,046,960.00
2620100	Contribution to private & international org	3,165,076.00	4,814,863.00

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2640100	Scholarships & Other Education benefits	348,418.00	-
2640422	Fees commission & honoraria	852,000.00	538,000.00
2640438	Audit Fees	500,000.00	250,000.00
2640437	Bad debts written off	-	3,868,104.00
	Pre shipment inspection fund	-	-
2640405		-	-
2640417	Realized Exchange Gain/Loss	24,304.00	5,033.00
3520303	Project Expenditure CABHORT	20,896,550.00	5,808,866.00
3520305	Project Expenditure USAID PRA	2,577,759.00	1,391,051.00
3520307	Project Expenditure HORTICAP	29,167,789.00	28,779,432.00
3520310	Project Expenditure COPE	5,802,533.00	-
3520311	Project Expenditure Client Kenya	14,686,422.00	-
3520312	Project Expenditure FAO	4,759,554.00	-
888888	Bad debt provision	558,157.00	571,965.00
Total		342,962,725.00	322,284,960.00

11) CAPITAL/RESERVES

	Revaluation Reserves	166,373,043.00	166,373,043.00
	Donation Reserve	13,201,624.00	4,082,000.00
	Donation (WIP)	76,857,171.00	12,701,229.00
	HORTICAP Project Grants adjusted	(380,277.00)	(4,410,483.00)
	Surplus for the year	43,358,634.00	2,450,352.00
	Surplus brought forward	550,222,230.00	535,399,132.00
Total		849,632,425.00	716,595,273.00

12) ADJUSTMENTS

	Provision for doubtful debts adjusted		2,656,105.00
	EU Donation	90,058,795.00	12,701,229.00
	HORTICAP Project grants adjusted	(380,277.00)	(4,410,483.00)
Total		89,678,518.00	8,290,746.00

- **EU donation:** This represents amounts provided by the European Commission through HORTICAP Project. This was done through direct procurement of assets by the EU which did not involve flow of cash to KEPHIS.
- **HORTICAP Project Grants Adjusted:** This represents amounts that were refunded to EU at the end of budget period. The amounts were rolled over and availed in subsequent budgets.

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13) CASH GENERATED FROM OPERATIONS

	NOTES	2009/2010 KSHS	2008/2009 KSHS
Surplus		43,358,634.00	2,450,352.00
Adjustment for:			
Depreciation		55,400,141.00	47,667,156.00
Gain on Disposal of Fixed Assets	3	(3,166,078.00)	
Interest Income	3	(312,375.00)	(1,796,582.00)
Operating Surplus Before Working Capital Movement		95,280,322.00	48,320,926.00
Decrease /(Increase) in Receivables and Prepayments		(79,828,590.00)	(23,358,345.00)
(Decrease)/Increase in Creditors		7,771,612.00	8,336,486.00
Total		23,223,344.00	33,299,067.00

14) PURCHASE OF FIXED ASSETS

	NOTES	2009/2010 KSHS	2008/2009 KSHS
Additions	2	70,734,561.00	63,985,141.00
Work in Progress	2	89,490,820.00	18,727,967.00
Total		160,225,381.00	82,713,108.00

15) PROCEEDS FROM DISPOSAL OF FIXED ASSETS

	NOTES	2009/2010 KSHS	2008/2009 KSHS
Cost of Disposed Assets	2	13,713,358.00	
Accumulated Depreciation	2	(11,878,247.00)	
Gain on Disposal of Assets	3	3,166,078.00	
Proceeds from Disposal of Fixed Assets		5,001,189.00	