

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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Paper Laid By The  
MAJORITY PARTY WHIP  
HON. BENJAMIN WASHALU,  
CBS, MP, ON TUESDAY  
2ND OCTOBER 2017

REPORT

IBK

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
PEST CONTROL PRODUCTS BOARD

FOR THE YEAR ENDED  
30 JUNE 2017



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**PEST CONTROL PRODUCTS BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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**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

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**Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
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  
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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		<p>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)</p> <p><b>-2003 to date:</b> Tropical Farm Management Ltd, Head of Supplies Department</p> <p><b>-1999- 2003:</b> Technical Manager at Osho Chemical Industries</p> <p><b>-1995 -1999:</b> Salas Representative at Kenwin Enterprises</p> <p><b>-1989 -1995:</b> Coffee Estate Manager at Standard Chartered Estate Management Ltd</p>	Tropical Farm Management	Chairperson

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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.	Date of 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 -2005-2008: Assistant Director of Veterinary Services Jun-Dec 2002: Research Assistant at Institute of Special Zoology, Technical University-Dresden, Germany 1997-2005: Senior Veterinary Investigation Officer, Pathologist	State Department of Livestock	Member

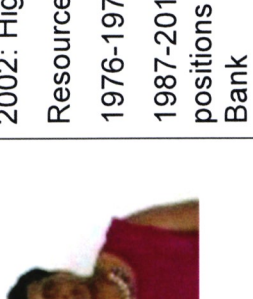
**PEST CONTROL PRODUCTS BOARD  
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GAZETTE NOTICE	Name and Date of Birth	Pass Port Size Photo	Key Academic/ Professional Qualifications and Work Experience	ORGANIZATION	BOARD STATUS
			<p>-1990-1997: Veterinary Investigation Officer I, Pathologist Central Veterinary Investigation Laboratories, Kabete</p> <p>-1988-1990: Veterinary Officer II. Ministry of Livestock Development, Narok District</p> <p>1983-1984: Field officer and later Data supervisor at Nutrition CRSP Kenya Project (collaborative project between University of Nairobi &amp; University of California, LA)</p> <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



of  
Andrew Mware  
Kinyua  
1966





**GAZETTE NOTICE**  
Name and Date of Birth  
Pass Port size

Photo	Date of Birth	Key Academic/ Professional Qualifications and Work Experience	ORGANIZATION	BOARD STATUS
	<p>Agnes Moraa Angwenyi Born 1954</p>	<p>-2006- June 2008 Chief Chemist (NB// All above under Ministry of Water &amp; Irrigation) -2002-2005: Senior Chemist in charge of Assay Laboratory -1996-2002 Chemist I Nov 1992-1996: Chemist II Mineral processing,(NB// 1996 to 2005 in Assay Laboratory , Mines &amp; Geology Department, Ministry of Environment and Natural Resources 2002: Higher Diploma in Human Resource Management 1976-1976: Bachelor of Education 1987-2010: Held several management positions at Kenya Post Office Savings Bank 1979-1987: Graduate teacher at Kenya High School</p>		Member



**PEST CONTROL PRODUCTS BOARD**  
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	<b>GAZETTE NOTICE</b>	<b>Name and Date of Birth</b>	<b>Pass Port Size Photo</b>	<b>Key Academic/ Professional Qualifications and Work Experience</b>	<b>ORGANIZATION</b>	<b>BOARD STATUS</b>
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/CEO 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 1966		-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

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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
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 Kariuki Born 1958		BSc	The Government Chemist	Member


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	<b>GAZETTE NOTICE</b>	<b>Name and Date of Birth</b>	<b>Pass Port Size Photo</b>	<b>Key Academic/ Professional Qualifications and Work Experience</b>	<b>ORGANIZATION</b>	<b>BOARD STATUS</b>
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. Ogola Born 1962		MSc in Land & Water Engineering, BSc in Agriculture -2006 to date: Deputy Director, Regional Development (Ministry of Natural Resource Management), 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
				Headquarters, Kisumu. -1998: Consultant (Otieno Odongo & Partners Engineering Consultants -1996: Consultancy / Community Organisation Consultants -1992- 1996:Project Liason Officer (Embassy of Netherlands & Ministry of Agriculture 1993 – 1994:Superintendent Agronomist, Nucleas and Outgrowers Estates at Chemili Sugar Company -1988-1989: Agricultural Officer II		
11	Date of Appointment 13/07/2016	Dr. Waqo Dulacha Ejersa Born 1968		MPH/MBchB -Nov 2013 to date: Head, National Malaria Control Program, Ministry of Health, Kenya -March 2009 –Oct 2013 Provincial	Ministry of Health	Member


**PEST CONTROL PRODUCTS BOARD**  
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	<b>GAZETTE NOTICE</b>	<b>Name and Date of Birth</b>	<b>Pass Port Size Photo</b>	<b>Key Academic/ Professional Qualifications and Work Experience</b>	<b>ORGANIZATION</b>	<b>BOARD STATUS</b>
				<p>Director, Ministry of Public Health and Sanitation, Rift valley province and County Director of Health, Narok County.</p> <p>-Feb 2002 to Feb 2009: District Medical Officer of Health, Machakos District</p> <p>-Aug 1999 to Jan 2002: District Medical Officer of Health, Marsabit</p> <p>-Dec 1997 to July 1999: District Medical Officer of Health, Moyale</p> <p>Sept 1996 to Dec 1997: Medical Officer Intern- Embu Provincial General Hospital</p>		
12	<p>No. 4451 of 30/5/2016 DoA 31/5/2016</p>	<p>Prof. Jasper Imungi Born 1950</p>		<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>	<p>University of Nairobi</p>	<p>Member</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
			<p>-Oct 1976 – March 1979: M.Sc (Food Science and Technology)  June 1998 to date: Professor of Food Technology  -April 1991 – June 1998: Associate Professor University of Nairobi  -Oct 1986 – Mar 1991: Senior Lecturer University of Nairobi  -Jan 1984 – Oct 1986: Lecturer University of Nairobi  -April 1979 – Aug 1980: Tutorial fellow University of Nairobi</p>		
13	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


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	<b>GAZETTE NOTICE</b>	<b>Name and Date of Birth</b>	<b>Pass Port Size Photo</b>	<b>Key Academic/ Professional Qualifications and Work Experience</b>	<b>ORGANIZATION</b>	<b>BOARD STATUS</b>
				<p>Officer at Ministry of Finance                      -Dec 2003 to Apr 2008 ICT Officer I                      -Dec1999 to Dec 2003: Systems Analyst/Programmer at City Council of Nairobi</p>		
14	No. 4879 of 7/7/2014 DoA 2/5/2014	Noah Omanga Born 1953		<p>BSc                      1998: General Manager in charge of planning, construction, Human Resources, Supplies and Stores at KCCT                      -1996: General Manager in-charge of planning, construction and Co-ordination                      -1994: General Manager in-charge of all personnel functions                      -1993: Appointed Assistant General Manager of KPTC                      -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
			<p>Gilgil Telecommunication Industries (Manufacturing Department of the Corporation)</p> <p>1986: Senior Personnel officer in charge of Disciplinary functions and Corporations Regulations.</p> <p>--1983: Promoted Assistant Senior Personnel Officer in charge of Disciplinary</p> <p>-1981: Joined KP&amp;TC as personnel officer.</p> <p>-1979: Joined Ministry of Agriculture as an Agricultural Research Officer.</p>		
15	Bernard Ngulalu Inspector			Inspector General (Corporations) Office of the	In attendance

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
		General			Deputy President	
16	Susan Njoroge	AAK Representative 1973		MBA, BSc -2001 to date: Head of Technical/Research & Development at Syngenta E.A Ltd -May 2000 to August 2001 Production manager at Sulmac Company -Oct 1998 to April 2000 Water & Environment Management at Home-grown (K) Ltd -Jan to April 1998 Monitoring and Evaluation Officer at GTZ (Safe Use Project)		Co-opted member

**PEST CONTROL PRODUCTS BOARD  
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	<b>GAZETTE NOTICE</b>	<b>Name and Date of Birth</b>	<b>Pass Port Size Photo</b>	<b>Key Academic/ Professional Qualifications and Work Experience</b>	<b>ORGANIZATION</b>	<b>BOARD STATUS</b>
17	CEO/Secretary	Peter Opiyo		MSc Analytical Chemistry	Pest Control Products Board	Secretary

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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  
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**CHAIRMAN'S STATEMENT**

I am elated to present the Annual Report and the Financial Statement for the financial year 2016/2017 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 construction and occupation of the Boards Headquarters.

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

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

Mr. Kuria Gatonye  
Chairperson



PEST CONTROL PRODUCTS BOARD  
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**REPORT OF THE CHIEF EXECUTIVE OFFICER**

The Board is pleased to present the financial results for the year 2016/2017. 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 160 million against Ksh 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 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 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.

  
Peter Opiyo  
CEO/Secretary PCPB

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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 Human resource and administration 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**

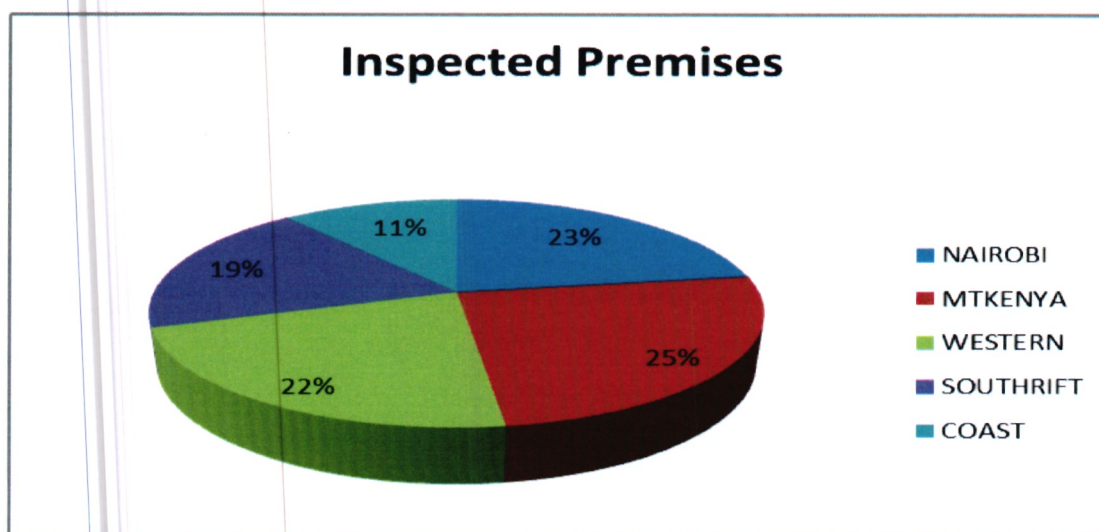
Pesticides premises are categorized as follows:

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

PEST CONTROL PRODUCTS BOARD  
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**1. A) INSPECTED PREMISES**

Region	1 <sup>st</sup> quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	TOTAL
Nairobi	153	198	261	1196	<b>1808</b>
Mt. Kenya	34	100	909	975	<b>2018</b>
South Rift	146	158	490	718	<b>1512</b>
Western	109	62	906	694	<b>1771</b>
Coast	9	101	415	362	<b>887</b>
<b>TOTALS</b>	<b>451</b>	<b>619</b>	<b>2981</b>	<b>3945</b>	<b>7996</b>
GRAND TOTALS	<b>7996</b>				



**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.

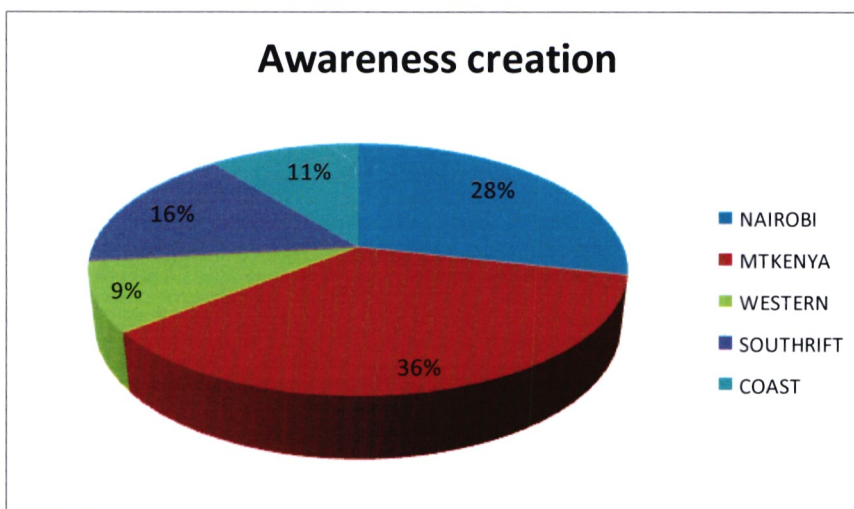
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The need to safeguard human health and environment is also emphasized by stressing on the need to dispose empty pest control products containers responsibly as well as manage chemical effluent in an environment friendly manner.

Various awareness raising activities were conducted as stipulated below

**Training activities for the Financial Year 2016/2017**

Region	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	TOTALS
Nairobi	4	3	0	9	<b>16</b>
Mt. Kenya	10	2	2	6	<b>20</b>
South Rift	3	3	1	2	<b>9</b>
Western	3	0	2	0	<b>5</b>
Coast	3	2	0	1	<b>6</b>
<b>TOTALS</b>	<b>23</b>	<b>10</b>	<b>5</b>	<b>18</b>	<b>56</b>
<b>GRAND TOTALS</b>	<b>23</b>	<b>10</b>	<b>5</b>	<b>18</b>	<b>56</b>



**3. INVESTIGATIONS AND PROSECUTIONS**

Region	Product Name	Nature Of case	Status
Nairobi	Ectomin	Suspected counterfeit	Case concluded, culprits fined.
	Promaxi	Suspected counterfeit	Case ongoing
	Undeclared pest control	The identity of the products is not known since they did not have	Investigation ongoing

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	products	accompanying labels.	
	Hunter	Chemraw Ltd alleged that their product (Deltia) had been stolen and had they had come across it in an institution that was undertaking efficacy trial sample for the same.	Case solved administratively, efficacy trials for Hunter suspended until another trial sample by Greenlife Africa ltd is imported.
	Zetanil	Suspected counterfeit	Case ongoing
Mt. Kenya	Coragen	Suspected counterfeit	Case ongoing
	AG COPP	Suspected counterfeit	Investigation ongoing
Coast	Operating business without PCPB licence	Operating business without PCPB licence	Case ongoing
	Dimethoate	Unauthorized import	The product was destroyed
Western	Lava, Vampire, Dichlofos, one second, Cmmesse panya commando	Smuggled products from Uganda	Investigation ongoing

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  
30 JUNE 2017

## 2016/17: Annual report; Executive Summary

Issue	Indicator	Number
<b>Product registration</b>	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
	<b>Cumulative number of registered products (Total)</b>	<b>1360</b>
	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	
<b>Imports/exports</b>	Volume of pesticide imported (in Kg)	14.6 million kg
<b>Efficacy trials</b>	Number of accredited institutions in the year	3 MIAD, EZNA, KARLO KIBOS
	Number of samples sent for efficacy trials	268
<b>Laboratory sampling and analysis</b>	Number of samples analyzed	347

PEST CONTROL PRODUCTS BOARD  
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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  
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**Board Committees**

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

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

**Technical and Registration Committee**

**Duties**

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

**Finance and Administration Committee**

**Duties**

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

**Audit Committee**

**Duties**

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

PEST CONTROL PRODUCTS BOARD  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

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

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

**PCPB's CSR Objectives are;**

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

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

PCPB staff has over the years participated in various community based initiatives the latest being 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.

**REPORT OF THE DIRECTORS**

The Directors submit their report together with the un audited financial statements for the year ended June 30, 2017 which show the state of the Pest Control Products Board's affairs.

PEST CONTROL PRODUCTS BOARD  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**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.

**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

PEST CONTROL PRODUCTS BOARD  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2017

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, 2017.

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, 2017, and of the Pest Control Products Board's financial position as at that date.

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.

PEST CONTROL PRODUCTS BOARD  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2017

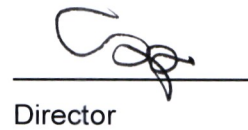
Nothing has come to the attention of the Directors to indicate that the Pest Control Products Board will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Pest Control Products Board's financial statements were approved by the Board on 20, September 2017 and signed on its behalf by:



Director



Director

# REPUBLIC OF KENYA

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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 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Pest Control Products Board set out on pages 34 to 53, which comprise the statement of financial position as at 30 June 2017, 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, 2017, 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 Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

#### 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 judgement, are of most significance in the audit of the financial statements. There were no Key Audit Matters to report in the year under review.

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*Report of the Auditor-General on the Financial Statements of Pest Control Products Board for the year ended 30 June 2017*

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability 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 of the Board, 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.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

## **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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.

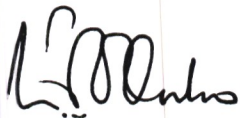
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Board's 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 Board's ability to continue 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's to cease 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 Board's 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**

**04 June 2018**

PEST CONTROL PRODUCTS BOARD

**Statement of Financial Performance**

For the year ended 30 June 2017

		2016/2017	2015/2016
	Note	(Shs.)	(Shs.)
<b>Revenue from non-exchange transactions</b>			
License and Permits	4	76,838,775	72,944,932
Government Grant	3	82,424,796	86,127,040
<b>Revenue from exchange transactions</b>			
Other Receipts	4	<b>1,450,660</b>	<b>2,011,001</b>
<b>Total Revenue</b>		<b>160,714,231</b>	<b>161,082,973</b>
<b>Expenses</b>			
Staff Costs	5	89,473,378	84,681,828
Administration Expenses	10	48,247,108	47,760,484
Depreciation & Amortization	6	18,321,642	18,102,057
<b>Total Expenditure</b>		<b>156,042,128</b>	<b>150,544,370</b>
<b>Net Surplus for the year</b>		<b>4,672,103</b>	<b>10,538,603</b>

PEST CONTROL PRODUCTS BOARD

**Statement of Financial Position**

*as at 30 June 2017*

	NOTE	2016/2017		2015/2016	
		(Shs.)	(Shs.)	(Shs.)	(Shs.)
<b><u>ASSETS</u></b>					
<b>Current Assets</b>					
Receivable from exchange transactions	12	4,790,373		4,629,629	-
Bank/Cash Balances	11	2,150,274	<b><u>6,940,647</u></b>	5,038,202	<b><u>9,667,832</u></b>
<b>Non-Current Assets</b>					
Property, Plant and Equipment	21	383,669,213		394,656,792	-
Intangible Assets	-	-	<u>383,669,213</u>	-	<b><u>394,656,792</u></b>
<b>Total Assets</b>			<b><u>390,609,861</u></b>	-	<b><u>404,324,623</u></b>
<b><u>EQUITY AND LIABILITIES</u></b>					
<b>Capital and Reserves</b>					
Capital Reserves	16	34,942,682		34,942,682	-
Revaluation Surplus	18	11,830,357		11,830,357	-
Accumulated Surplus	17	342,739,370	<b><u>389,512,409</u></b>	338,415,267	<b><u>385,188,306</u></b>
<b>Current Liabilities</b>					
Trade Payables	14	746,669		18,785,363	-
Provisions	15	350,782	<b><u>1,097,451</u></b>	350,954	<b><u>19,136,317</u></b>
<b>Total Equity and Liabilities</b>			<b><u>390,609,861</u></b>	-	<b><u>404,324,623</u></b>

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 24/4/2018



Head of Finance  
Name: JAMES MWAURA  
ICPAK No. 14575  
Date 24/4/2018



Chairman of the Board  
Name: KURIA GATONYE  
Date 24/4/2018

## PEST CONTROL PRODUCTS BOARD

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### Statement of Changes in net Assets

*For the year ended 30 June 2017*

	<b>Capital Reserves</b>	<b>Revaluation Reserves</b>	<b>Accumulated Surplus</b>	<b>Total</b>
	(Shs.)	(Shs.)	(Shs.)	(Shs.)
<b>Balance as at 1 July 2015</b>				
As Previously Stated	34,942,682	11,830,357	338,415,267	385,188,306
Prior Year Adjustments Note 21	-	-	(348,000)	(348,000)
As Restated	34,942,682	-	327,528,664	362,471,346
Revaluation Surplus	-	11,830,357.00	-	11,830,357
Net surplus/(deficit) for the year (Restated)	-	-	10,538,603	10,538,603
<b>At 30 June 2016</b>				
At 1 July 2016	34,942,682	11,830,357	338,067,267	384,840,306
Net surplus/(deficit) for the year	-	-	4,672,103	4,672,103
<b>At 30 June 2017</b>				
	34,942,682	11,830,357	342,739,370	389,512,409

PEST CONTROL PRODUCTS BOARD

**Statement of Cash Flows**

*for the year ended 30 June 2017*

	Notes	2016/2017 (Shs.)	2015/2016 (Shs.)
<b>Cash flow from operating Activities</b>			
License and Permits	4	76,838,775	72,944,932
Government grant and subsidies	3	82,424,796	86,127,040
Other Incomes, rentals and agency fees	4	1,450,660	2,011,001
		160,714,231	161,082,973
<b>Payments</b>			
Compensation to employees	5	89,473,378	84,681,828
Administration expenses	10	48,745,766	47,489,503
		138,219,144	132,171,331.08
<b>Net cashflow from operating activities</b>		<b>22,495,087</b>	<b>28,911,642</b>
<b>Cashflow from Investing Activities</b>			
Decrease/Increase in Investment in Government Securities	13	-	76,760,155
Purchase of Property Plant & Equipment	21	(25,383,015)	( 103,296,759)
Net cash used in investing activities		( 25,383,015)	( 26,536,604)
<b>Financing Activities</b>			
Cashflow from financing activities		-	-
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b>( 2,887,928)</b>	<b>2,375,038</b>
Cash and cash equivalents at the start of the year (Re-stated)		5,038,202	2,663,164
Cash and cash equivalents at the end of the year	11	<b>2,150,274</b>	<b>5,038,202</b>

**PEST CONTROL PRODUCTS BOARD**

**STATEMENT OF COMPARISON AND ACTUAL AMOUNTS JUNE 2017**

		<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual comparable basis</b>	<b>Performance Difference</b>
	<b>Revenue</b>	<b>2016/2017</b>		<b>2016-2017</b>	<b>2016-2017</b>	<b>2016-2017</b>
640	Accumulated funds	12,000,000	(4,500,000)	7,500,000	7,090,844	- 409,156
	Interest from investments	-	-	-	-	-
660	License Fees	80,700,000	10,770,000	91,470,000	76,838,775	- 14,631,225
670	Miscellaneous Receipts	1,000,000	450,000.00	1,450,000	1,450,660	660
690	Government Grants	239,476,883	(152,552,087)	86,924,796	82,424,796	- 4,500,000
	<b>Total Income</b>	<b>333,176,883</b>	<b>(145,832,087)</b>	<b>187,344,796</b>	<b>167,805,075</b>	<b>- 19,539,721</b>
<b>Code</b>	<b>Expenses</b>					
131	Board Expenses	8,354,000	(587,000)	8,941,000	7,876,664	1,064,336
	Personnel Emoluments	112,514,386	8,321,221	104,193,165	89,473,378	14,719,787
	Operational Expenses	115,853,496	55,317,866	60,535,630	57,888,086	2,647,544
	Capital Expenditure	84,455,000	70,780,000	13,675,000	7,334,064	6,340,936
	<b>Total</b>	<b>321,176,882</b>	<b>133,832,087</b>	<b>187,344,795</b>	<b>162,572,192</b>	<b>24,772,603</b>

**Notes**

660 License fees: Revenue from license fees was less by 16%. This resulted from low level of imports of pesticides which the main source of license fees.

Personnel Emoluments: The expenditure was less by 14% as a result of freeze in recruitments of personnel which had been a projection in the final budget.

Capital Expenditure: The variance resulted from balance carried down from the previous period which had been provided for in the budget of the period under review.

## PEST CONTROL PRODUCTS BOARD

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### Notes to the Financial Statements

*For the year ended 30 June 2017*

#### 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, 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.

##### 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, 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,

## PEST CONTROL PRODUCTS BOARD

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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 of valuation of property, plant and equipment to their residual values over their expected useful lives using the straight line method at the following rates: Equipment 12.5% (8years), Furniture 12.5% (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

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

## PEST CONTROL PRODUCTS BOARD

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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 maybe.

### **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.

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.

## PEST CONTROL PRODUCTS BOARD

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

Bank	Shs	Shs
731026785 BBK	59,292	73,350
1106876067 KCB	2,074,186	1,924,415
1106877357 KCB	16,796	3,040,438
<b>Total cash and cash equivalents</b>	<b>2,150,274</b>	<b>5,038,203</b>

## PEST CONTROL PRODUCTS BOARD

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### 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 deferred income Kshs.	Amount recognized in capital fund.	Total grant income during the year	2015-2016
			Kshs	Kshs	Kshs
State Department of Agriculture	82,424,796	-	-	82,424,796	86,127,039
<b>Total</b>	<b>82,424,796</b>	<b>-</b>	<b>-</b>	<b>82,424,796</b>	<b>86,127,039</b>

### 4. Other income

	<b>2016-2017</b> <b>Shs 000</b>	<b>2015-2016</b> <b>Shs 000</b>
License fee income	76,838,775	72,944,932
Other receipts (Interest on Investments+ Miscellaneous incomes)	1,450,660	2,011,001
<b>Total other income</b>	<b>78,289,435</b>	<b>74,955,933</b>
<b>Other receipts for cash flow purpose</b>		
Other receipts (Interest on Investments+ Miscellaneous incomes)	1,450,660	2,011,001
Advance interest on investments	-	-
<b>Total other receipts</b>	<b>1,450,660</b>	<b>2,011,001</b>

### 5. Employee costs

	<b>2016-2017</b> <b>Shs</b>	<b>2015-2016</b> <b>Shs</b>
Basic Salary and Wages	46,219,971	44,502,513
Commuter allowance	5,619,000	5,438,316
Company NSSF Contribution	6,794,506	6,421,935

## PEST CONTROL PRODUCTS BOARD

House allowance	21,485,000	19,441,837
Medical allowance	-	-
Medical Expenses Ex-gratia	-	-
Medical Expenses Cover	6,073,778	5,491,516
Other Personal allowances	1,436,673	1,466,608
Passage and Leave allowances	768,450	762,250
Service Gratuity	-	64,203
Telephone Allowance	1,076,000	1,092,650
<b>Employee costs</b>	<b>89,473,378</b>	<b>84,681,828</b>

### 6. Depreciation and amortization expense

	2016-2017 Shs	2015-2016 Shs
Property, plant and equipment	18,321,642	18,102,057
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>18,321,642</b>	<b>18,102,057</b>

### 7. Repairs and maintenance

	2016-2017 Shs	2015-2016 Shs
Property	2,400	214,400
Investment property – earning rentals	-	-
Equipment	49,656	430,427
Vehicles	1,376,303	2,463,297
Other	-	-
<b>Total repairs and maintenance</b>	<b>1,428,359</b>	<b>3,108,124</b>

## PEST CONTROL PRODUCTS BOARD

### 8. Contracted services

	2016-2017 Shs	2015-2016 Shs
Others	1,462,339	4,184,086
<b>Total contracted services</b>	<b>1,462,339</b>	<b>4,184,086</b>

### 9. Grants and subsidies

	2016-2017 Shs	2015-2016 Shs
Social development	67,512	143,519
Sporting bodies	-	-
<b>Total grants and subsidies</b>	<b>67,512</b>	<b>143,519</b>

### 10. Administration expenses

**The following are included in general expenses:**

	2016-2017 Shs	2015-2016 Shs
Advertising and Publicity	300,000	654,690
Audit fees	696,000	348,000
Bank Charges	186,001	152,661
Board Expenses	8,680,664	4,243,955
Computer Expenses	649,730	397,237
Contracted Professional Services	1,462,339	4,184,086
Donations	67,512	143,519
Exhibitions and Shows	534,186	710,553
External Traveling	4,744,036	3,627,079
Electricity and Water	1,033,757	906,392
Insurance	1,428,327	1,287,007
Library Expenses	275,420	308,757

## PEST CONTROL PRODUCTS BOARD

Maintenance of Buildings & Stations	2,400	214,400
Maintenance of Plant & Machinery & Equipment	49,656	430,427
Motor Vehicle Maintenance	1,376,303	2,463,297
Miscellaneous & Consumable Stores	2,073,104	1,827,060
Laboratory Consumables	191,564	313,741
Official Entertainment	108,562	199,219
Postal and Telegram	962,405	926,634
Printing & Publication	271,070	605,517
Purchase of Fungicides	129,625	144,385
Purchase of Staff Uniform	-	250,200
Purchase of Stationary	641,353	1,099,355
Rent & Rates	4,304,091	4,034,059
Telephone Expenses	137,229	143,585
Training Expenses	1,752,270	781,019
Transport Operating Expenses	3,373,374	4,363,246
Traveling & Accommodation	12,816,130	13,000,405
Bad debts written off	-	-
Increase/Decrease in Provisions	-	-
	<b>48,247,108</b>	<b>47,760,485</b>

### 11. Cash and cash equivalents

	2016-2017	2015-2016
	Shs	Shs
Bank		
731026785 BBK	59,292	73,350
1106876067 KCB	2,074,186	1,924,415
1106877357 KCB	16,796	3,040,438
<b>Total cash and cash equivalents</b>	<b>2,150,274</b>	<b>5,038,203</b>

## PEST CONTROL PRODUCTS BOARD

### 12. Receivables from exchange transactions

	2016-2017	2015-2016
	Shs	Shs
<b>Current receivables</b>		
Medical Insurance	3,036,889	2,713,094
City Council of Nairobi	215,188	292,655
PS Ministry lands and Housing	150,000	150,000
Postage and Mail	-	-
Office consumables	-	-
Other exchange debtors	1,388,297	1,473,880
<b>Total current receivables</b>	<b>4,790,373</b>	<b>4,629,629</b>
<b>Non-current receivables</b>		
Public organizations	-	-
<b>Total non-current receivables</b>	-	-
<b>Total receivables</b>	<b>4,790,373</b>	<b>4,629,629</b>

### 13. Investments

	2016-2017	2015-2016
	Shs	Shs
Investments at Face value (Treasury Bills)		
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	-	-
<b>Amount invested.</b>	-	-
Investment at Face Value 30 June 2017	-	-

## PEST CONTROL PRODUCTS BOARD

### 14. Trade and other payables from exchange transactions

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Shs</b>	<b>Shs</b>
Total Kenya Ltd Fuel accrued expenses	531,448	182,114
Kenya Power and lighting company	90,982	77,637
Safaricom Ltd	6,809	8,914
Air Tell	-	2,316
Don wood ltd 7th certificate	-	12,861,108
VAT on final certificate for Don wood	-	472,686
Withholding tax on final certificate for Don wood	-	259,977
Don wood retention	-	4,455,181
Prime Rigs & Drillers	117,430	117,430
Audit fees	-	348,000
<b>Total</b>	<b>746,669</b>	<b>18,785,363</b>

### 15. Provisions

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Shs</b>	<b>Shs</b>
KENAO (Audit Provision for Audit fees)	348,000	348,000
Provision for doubtful debts	2,782	2,954
<b>Total</b>	<b>350,782</b>	<b>350,954</b>

## PEST CONTROL PRODUCTS BOARD

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### 16. Capital reserves

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

### 17 Accumulated surplus

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

### 18 Revaluation surplus

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

### 19 Related Party Disclosures

**(a) The entity is related to:**

- i) The National government
- ii) The Parent Ministry
- ii) Board of directors

**(b) Related party transactions**

	2016-2017	2015-2016
	KShs	KShs
ii) The Parent Ministry	82,424,796	86,127,039
ii) Board of directors	8,680,664	4,243,955
	91,105,460	90,370,994

## PEST CONTROL PRODUCTS BOARD

### 20 Financial risk management

#### (ii) Liquidity risk management

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2017</b>				
Trade Payables	629,239	-	117,430	746,669
Provisions	2,782	-	-	-
<b>Total</b>	<b>632,021</b>	<b>-</b>	<b>117,430</b>	<b>746,669</b>
<b>At 30 June 2016</b>				
Trade Payables	270,981	18,514,382	-	18,785,363
Provisions	2,954	-	-	-
<b>Total</b>	<b>273,935</b>	<b>18,514,382</b>	<b>-</b>	<b>18,785,363</b>

#### 21 Prior Year Adjustment

This relates to omissions in the financial statements 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 expenses relating to F/Y 2014/2015 were carried forward as liabilities but they were not expensed therefore overcasting the net surplus for the year.

	Kshs
Audit fees 2015/2016	<u>348,000.00</u>
	<b>348,000.00</b>

**PEST CONTROL PRODUCTS BOARD**

22. Property, plant and equipment

	Land	Buildings	Computer Equipment	Office Equipment	Office Furniture	Motor Vehicle	Lab Equipment	Total
Depreciation Rate	0%	2%	33.3%	12.5%	12.5%	25%	12.5%	
Cost or valuation								
<b>As at 1 July 2015</b>	35,000,000	227,762,817	2,721,513	10,486,209	7,241,991	31,000,000	1,821,500	316,034,030
Additions	-	121,295,888	-	162,318	4,935	-	-	121,463,141
Disposal	-	-	-	-	-	-	-	-
Transfers/Adjustment	-	-	-	-	-	-	-	-
<b>As at 30 June 2016</b>	35,000,000	349,058,705	2,721,513	10,648,527	7,246,926	31,000,000	1,821,500	437,497,171
<b>As at 1 July 2016</b>	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	-	-	-	-	-	-	-	-
<b>As at 30 June 2017</b>	35,000,000	356,149,549	2,949,233	10,664,027	7,246,926	31,000,000	1,821,500	444,831,235
<b>Depreciation and Impairment</b>								
Balance as at 1 July 2015	-	13,637,708	906,264	1,310,776	905,886	7,750,000	227,688	24,738,322
Charge for the Year	-	6,981,174	906,264	1,331,066	905,866	7,750,000	227,688	18,102,057
Accumulated Depreciation	-	-	-	-	-	-	-	-

**PEST CONTROL PRODUCTS BOARD**

	20,618,882	1,812,528	2,641,842	1,811,752	15,500,000	455,376	42,840,379
<b>As at 30 June 2016</b>	-	20,618,882	1,812,528	2,641,842	1,811,752	455,376	42,840,379
Depreciation	-	7,122,991	982,095	1,333,003	905,866	227,688	18,321,642
Disposal	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
<b>At 30 June 2017</b>	-	27,741,873	2,794,622	3,974,845	2,717,618	683,063	61,162,021
<b>Net Book Values</b>							
Valuation at 30 June 2017	35,000,000	328,407,676	154,611	6,689,182	4,529,308	1,138,437	383,669,213
Valuation at 30 June 2016	35,000,000	328,439,823	908,985	8,006,685	5,435,174	1,366,125	394,656,791