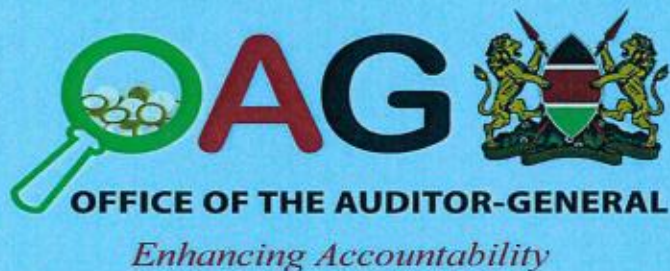


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY	
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CLERK-AT THE TABLE:	Mamah Wanjiku

THE AUDITOR-GENERAL

ON

PHARMACY AND POISONS BOARD

FOR THE YEAR ENDED
30 JUNE, 2021





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

14 JUN 2022

RECEIVED

PHARMACY AND POISONS BOARD

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

**Prepared in accordance with the Accrual Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)**

Pharmacy and Poisons Board
Annual Reports and Financial Statements
For the year ending 30th June 2021.

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1. KEY PHARMACY AND POISONS BOARD INFORMATION AND MANAGEMENT

(a) Background information

(a) Background information

The Pharmacy and Poisons Board, was established under Cap. 244 of the Pharmacy and Poisons Act 1957, an act of parliament to make better provision for the control of the profession of pharmacy and the trade in drugs and poisons.

(b) Principal Activities

Vision, Mission and Core Values of Pharmacy and Poisons Board.

Vision

To be a Global Leader in Promoting and Protecting Public Health.

Mission

To Protect and Promote the Health of the Public by Regulating the Profession of Pharmacy and ensuring access to Quality, Safe, Efficacious and Affordable Health Products and Technologies.

Core Values

Commitment to Public Health, Professionalism, Accountability and Transparency, Integrity and Respect, Quality, Diversity and Inclusion

The principal mission of Pharmacy and Poisons Board is aimed at safeguarding the health of the public by ensuring that medicines and health products comply with acceptable standards of quality, safety and efficacy and to regulate the practice of pharmacy and drugs. This includes:

(i) Registration

- The registrar keeps a register of duly qualified pharmacist and a roll of duly qualified pharmaceutical Technologists.
- Drugs are regulated by a process of registration.

(ii) Drug Information

The department deals with availability of drug information to the general public and is detailed to receive applicants for advertisements and approve the same so as to control flow of information.

(iii) Pharmacovigilance

The department monitors consistency of quality and emerging side effects of drugs already registered.

(iv) Drug Surveillance

The department is involved primarily in batch qualities, efficacy and safety of drugs by collecting from the manufacturer and testing the same through NQCL (National Quality control Laboratory).

(v) Inspection

The department is involved in pre-licence of premises inspection, inspection of outlets for good pharmacy practice, drugs handling etc. It is also involved in manufacturing plant inspection to ensure the GMP is followed.

(vi) Licensing

The department is involved in the issuing of import and export licences and hence regulate the trade in pharmaceuticals. Also licences of premises.

(vii) Training and Assessment

The department is involved in regulation of training of professionals and hence give approval for colleges desiring to train personnel in this area. The department also gives assessment examinations for the purpose of registration of pharmacist and enrolment for pharmaceutical Technologists.

(viii) Legal Department

The department is involved in the legal review of the Pharmacy and Poisons Board Act and any other accommodation of the regulatory/Board including new areas of herbal medicine and alternative medicine; it is also involved in disciplinary cases of professional malpractice.

(c) Key Management

The Pharmacy and Poisons Board day-to-day management is under the following key organs:

- Ministry of Health
- Board of Directors
- CEO

- Directorates

Note: During financial year ending 30th June 2021, Pharmacy and Poisons Board had no Board of Directors as has been explained in a separate note.

(d) Fiduciary Management

The key management personnel who held office during the financial year ending 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Dr. Fred M. Siyoi
2.	Corporate Services	Dr. Jacinta Wasike
3.	Pharmacy Practice	Dr. Wilfred Ochieng
4.	Medical Products and Health Technologies	Dr. Ahmed Mohamed
5.	Laboratory Services	Dr. Obadiah Naikuni

(e) Fiduciary Oversight Arrangements

Audit and Risk Committee assist the Board in its oversight of integrity of the financial reporting, including supporting the Board in meeting its responsibilities regarding financial reporting systems and internal controls. This committee was not constituted during financial year ending 30th June 2021 as there were no board of directors appointed by the appointing authority.

Finance committee The Finance Committee is a standing committee of the Board of Directors. The committee is responsible for reviewing and providing guidance on the Board's financial matters. Specifically, the committee assures internal controls, independent audit and financial analysis for the organisation. However, as stated earlier, there were no board of directors appointed to serve in the office during the financial year ending 30th June, 2021.

Pharmacy Practice Committee - The main function of the Committee is to make recommendations to the Board on

- an application made by persons who wish to be included in the pharmaceutical list for the provision of pharmaceutical services
- whose name is already included in the pharmaceutical list but who intends to open additional premises from which to provide pharmaceutical services or;

- who wishes to relocate the premises from which they provide pharmaceutical services.

Technical Committee

The Technical Committee of the Pharmacy and Poisons Board functions are:

- To serve in an advisory capacity to the Pharmaceutical staff and Pharmacy hospital administration in all matters pertaining to the use of drugs.
- To develop a formulary of drugs accepted for use in the hospital and provide for its constant revision; the selection of items to be included in the formulary will be based on objective evaluation of their respective therapeutic merits, safety, and cost; the committee strives to minimize duplication of the same basic drug type, drug Pharmacy and Poisons Board, or drug product.
- To establish programs and procedures that help ensure cost-effective drug therapy.
- To establish or plan suitable educational programs for the hospital's professional staff on matters related to drug use.
- To participate in quality-assurance activities related to the distribution, administration, and safe use of medications.
- To review adverse drug reactions and medication errors occurring in the hospital and recommend corrective action.
- To initiate and/or direct drug-use review programs and ensure follow-up of the results.
- To advise the pharmacy in the implementation of effective drug distribution and control procedures.
- To make recommendations concerning those drugs to be stocked in hospital patient-care areas.
- To develop and/or approve policies and procedures relating to the selection, distribution, handling, use, and administration of drugs and diagnostic testing materials.

As previously noted, this committee was absent during the financial year ending 30th June 2021 as no board of directors were appointed to serve during the period by the appointing authority of the Ministry of Health.

- (f) Pharmacy and Poisons Board Headquarters**
P.O. Box 27663 – 00506,
Pharmacy and Poisons Board Building,
Lenana Road.
Nairobi, Kenya

(g) Contacts

Telephone: (254) 020-356 2107

E-mail: admin@pharmacyboardkenya.org

Website: www.pharmacyboardkenya.org

(h) Bankers

1. National Bank of Kenya

Hill Branch

P.O. Box 45219 - 00100

Nairobi, Kenya

2. The Cooperative Bank of Kenya

Parliament Road

P.O Box 5772-00200

Nairobi, Kenya

3. Barclays Bank of Kenya

Bunyala Road

P.O Box 72058-00200

Nairobi, Kenya

(i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112




City Square 00200

Nairobi, Kenya

2. THE BOARD OF DIRECTORS

Ref	Directors	Details
1.		
2.	Dr. Fred M. Siyoi	Chief Executive Officer
3.		
4.		
5.		
6.		

3. MANAGEMENT TEAM

X	Management	Details
1.	 <p>Dr. Fred M. Siyoi - Pharmacist B.Pharm (UON), MBA (UON)</p>	<p>Chief Executive Officer</p> <p>Develop and review policy, rules, regulations and corporate strategies under the law governing the activities of the Pharmacy and Poisons Board</p>
2.	 <p>Dr. Jacinta Wasike – Pharmacist, B. Pharm (UON)</p>	<p>Director – Corporate Services</p> <p>Develop, review and implement policies, rules, regulations and corporate strategies for Human Resource Management and Development, finance, corporate communication, Administration and Information and Communication Technology</p>
3.	 <p>Dr. Wilfred Ochieng – Pharmacist,</p>	<p>Director Pharmacy Practice</p> <p>Promote a pharmacy practice that provides the highest attainable standards of healthcare .Enhance</p>

Pharmacy and Poisons Board
Annual Reports and Financial Statements
For the year ending 30th June 2021.

	B. Pharm (UON)	the competence and capacity of Pharmacy.
4.	Dr. Obadiah Naikuni – Pharmacist B. Pharm (UON)	Director, Quality Control Formulate, review and implement policies, rules, regulations and corporate strategies for the testing of medical products and health technologies.
5.	Dr. Ahmed Mohamed – Pharmacist B. Pharm (UON)	Director, Product Evaluation and Registration Regulate the manufacture, import and export, storage, distribution, sale and use of medical products.

4. REPORT OF THE CHIEF EXECUTIVE OFFICER

(The Pharmacy and Poisons Board was established as a Regulatory Authority under the Pharmacy and Poisons Act, Cap 244 and commenced operations on 1st May 1957.

It was established as a body corporate under section 3(6) amended of the Pharmacy and Poisons Act 1993 with the responsibility of regulating the practice of Pharmacy and the manufacture and trade in drugs and poisons.

The Pharmacy and Poisons Board has a Board of Directors comprising members drawn from both the public and private sector.

Although the Pharmacy and Poisons Board was established as a body corporate, it has over the years experienced some challenges which have hampered its operations. These include:

- Lack of adequate enabling legal framework;
- Conflicting responsibilities between the Board and other government agencies e.g. National Quality Control Laboratory and Drug Inspection Unit within the Ministry of Health, Kenya Bureau of Standards, Public Health Dept;
- Inadequate autonomy to undertake its functions e.g. although the Board was established as a body corporate in 1993, it still operates as a Department of the Ministry of Health with the Director of Medical Services as the Chairman of the Board of Directors and the Chief Pharmacist as the Registrar of the Board;
- Inadequate staff capacity i.e. all technical staff are seconded from the Ministry of Health and therefore the Board has no control over their deployment to and from the Board;
- Lack of an organizational structure specific to the Board's mandate.

These challenges had been identified by the World Health Organisation (WHO) during a review of the operations of the Pharmacy and Poisons Board and specific recommendations on how to address them were made.

It was in view of this and other concerns that the Permanent Secretary, Ministry of Health, appointed an Inter-ministerial Task Force to undertake a study of the Board and make appropriate recommendations on the way forward.

The Terms of Reference for the study were:

1. To identify human resource gaps and make recommendations of an optimum resource base;
2. To develop an organizational structure that is responsive to a dynamic and changing regulating environment, which must be in tandem with world class regulation systems;
3. To identify specialized training needs and to define a time-frame for implementation;
4. To develop and prescribe a performance based reward system and remuneration scheme that will attract and retain staff at the Pharmacy and Poisons Board;
5. To make proposals for a competitive staff benefit programme;

6. To develop a Human Resource manual with an in-built code of ethics for staff;
7. To look into the existing law and identify gaps and make appropriate recommendations;
8. To identify appropriate financing mechanism or resource mobilization and develop a finance manual;
9. To look into any other matter that may enhance or increase efficiency of the organisation.

In undertaking the study, the Task Force undertook a literature review of relevant documents, interviewed staff in the premises of the Board and the National Quality Control Laboratory (NQCL) and also appraised the facilities in the two premises. The Task Force also benchmarked with similar organisations in Tanzania, Uganda, Ghana and Australia.

Following the study it has been proposed that the name of the Board remains Pharmacy and Poisons Board. However, a new organisational structure and staffing levels have been proposed which, if implemented, will enable the Board to effectively and efficiently undertake its mandate.

In the proposed restructuring and in conformity with “the Principles of Good Corporate Governance”, the duties and responsibilities of the Board of Directors have been redefined and clearly stipulated to remove the current ambiguities. In addition, it has been proposed that the National Quality Control Laboratory (NQCL) forms part of the Pharmacy and Poisons Board and MOH Drug Inspection Unit functions be transferred to the Board and that the Board develops its own Logo to be used on all its official documents rather than use the one for the Ministry.

The role of the Chief Pharmacist as a policy maker has also been separated from being the Head of the Board which, being a regulator will be headed by a Director General. It is further proposed that the role of regulating Pharmacy practice be removed from the Pharmacy and Poisons Board and a Council be established to undertake it as is the practice elsewhere.

The structure has been reorganised into five (5) Directorates and six (6) independent units as follows:

Directorates

- Product Evaluation and Registration.
- Quality Control
- Professional Affairs and Standards.
- Inspectorate and Enforcement.
- Business Support Services and Administration
- Medicine Information

5. CORPORATE GOVERNANCE STATEMENT

To ensure effective and efficient service delivery to customers, Pharmacy and Poisons Board developed policy guidelines and standard operating procedures for all our business processes.

Among key business processes for which the documents were developed and ready for implementation are:

- Accreditation of training institutions
- Student indexing
- Support supervision for training institutions
- Pre-examination
- Administration of Exams
- Examination process
- Professional registration
- Professional retention
- Medical laboratory registration
- Medical laboratory inspection
- Medical laboratory retention

Together with these and through support from partners and stakeholders, the Board also developed and launched a Continuous Professional Development program as part of career development plan to be linked to annual renewal licenses for medical laboratory personnel in Kenya. As a Health Regulatory State Agency, Pharmacy and Poisons Board endeavours to efficiently establish and implement high-end regulatory standards for laboratory infrastructure with embedded focus on safety for both practitioners and patients. In the period under review, we rolled out the first graded National Infrastructural Design for medical laboratory facilities. In the 2020/2021 year, Pharmacy and Poisons Board continued to be a secure source of 'value-for-money' regulatory authority by enlisting more vendors/suppliers of diagnostic reagents and equipment. Through stakeholder workshops, elaborate validation procedures and protocols for were established and implemented thereby contributing positively to the Ministry's goal of providing the highest attainable quality healthcare to the citizens especially for diagnostics.

CORPORATE GOVERNANCE STATEMENT

To ensure effective and efficient service delivery to customers, PPB developed policy guidelines and standard operating procedures for all our business processes.

Among key business processes for which the documents were developed and ready for implementation are:

- a. Accreditation of training institutions
- b. Student indexing
- c. Support supervision for training institutions
- d. Pre-examination
- e. Administration of Exams
- f. Examination process
- g. Professional registration
- h. Professional retention
- i. Medical laboratory registration

- j. Medical laboratory inspection
- k. Medical laboratory retention

Together with these and through support from partners and stakeholders, the Board also developed and launched a Continuous Professional Development program as part of career development plan to be linked to annual renewal licenses for medical laboratory personnel in Kenya. As a Health Regulatory State Agency, PPB endeavours to efficiently establish and implement high-end regulatory standards for laboratory infrastructure with embedded focus on safety for both practitioners and patients. In the period under review, we rolled out the first graded National Infrastructural Design for medical laboratory facilities. In the 2020/2021 year, PPB continued to be a secure source of 'value-for-money' regulatory authority by enlisting more vendors/suppliers of diagnostic reagents and equipment. Through stakeholder workshops, elaborate validation procedures and protocols for were established and implemented thereby contributing positively to the Ministry's goal of providing the highest attainable quality healthcare to the citizens especially for diagnostics.

6. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Workings and Financial performance

The Pharmacy and Poisons Board is mandated to make and implement regulations, in consultation with the Cabinet Secretary for Health, which are aimed at ensuring higher standards of safety in the manufacture, distribution and sale of drugs.

This mandate has continued to be delivered during financial year ending 30th June 2021. The Board is in a sound cash position and is in ability to meet its obligations as they fall due. The performance at hand has a bearing on the future market activities. It is significance to note that any changes affecting investors in the economic, social and political environment, has a significant impact on the Pharmacy and Poisons Board.

SECTION B

Compliance with statutory requirements

The Board is in compliance with all statutory obligations including but not limited to: remittances of Pay As You Earn (PAYE), National Hospital Insurance Fund (NHIF) and Higher Education Loans Board within the set deadlines.

The Board being the Drugs and Pharmacy practice regulator in Kenya is subject to legal actions in the normal course of business. While it is not possible to project or resolve the final results of all pending legal proceedings, the Board assesses the capability of its requirements regularly against case developments and related legal costs, based on advice from the legal advisers handling specific cases.

SECTION C

Major risks identified in the ERM

The Board updates its Enterprise Risk Management Framework in 2018, on the basis of which Risk Management has been main streamed within the Authority to allow for structured risk assessments on a continuous basis. The Board is responsible for the Board's risk management and at least once every quarter receives reports to enable the review, monitoring and evaluation of the implementation and electiveness of the Enterprise Risk Management (ERM) framework.

SECTION D

Material arrears in statutory/financial obligations.

The Board has no statutory overdue balances and has been on time to remit all pension deductions to an administrator appointed by the Trustees.

SECTION E

Financial integrity and governance issues

There are no issues of financial improbity reported by any board committee or by external auditors. There are no governance issues and no undisclosed conflicts of interest at the Board

7. CORPORATE SOCIAL RESPONSIBILITY

During the financial year under review, the Board in collaboration with the parent ministry and its key stakeholder's purposes to initiate the following reforms intended to enhance the Board's strategic position in fulfilling its core mandate of regulating training of medical laboratory professionals to improve competencies for delivery of quality health care system in Kenya. The Board will increasingly but firmly;

- a) Sensitize stakeholders and enforce implementation of Continuous Professional Development (CPD) policy guidelines;
- b) Review/revision of curriculum for Bachelor of Pharmaceutical Sciences;
- c) Verify professional qualifications for all lecturers involved in the training of Medical Laboratory Services (MLS) programs;
- d) Develop and cascade an internship model for Bachelor of Pharmacy Students graduates;
- e) Initiate partnership with PPB under the Ministry of Finance to list laboratory commodities in the single window system (SWS) to improve efficiency in the online issuance of import permit for vendors of laboratory reagents and equipment;
- f) Roll out of National Standards for laboratory physical infrastructure guidelines to the Counties;
- g) Draft and publish in the Kenya Gazette, the Regulations for conduct selections of members of Pharmacy and Poisons Board to the Board as prescribed under Section 40 of the Act;
- h) Design and procure new generation license and registration certificates for facilities and professional;
- i) Implement Human Resource Policy for grading with staff establishment for existing positions with harmonized terms of employment;
- j) Adopt the Code of best Practice for Corporate Governance issued by the Centre of Corporate Governance (Kenya) as its benchmark in developing its corporate governance principles. ;
- k) Identify a consultant to facilitate ISO certification for Pharmacy and Poisons Board.

With this exciting opportunity and responsibility, I remain optimistic and wish to reaffirm the commitment of the members of the Board to provide effective leadership for the continued efficiency and visibility of Pharmacy and Poisons Board.

8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Pharmacy and Poisons Board exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

The entire world has heightened its focus on environmental sustainability. Driven to address the global threat of climate change and safeguard our planet, Pharmacy and Poisons Board is seeking new ways to operate more sustainably within the pharmaceutical sector in the Kenya. For drug developers and manufacturers, embracing greener practices and processes has become a key strategic priority.

The pharmaceutical industry often involves significant processing for a relatively small amount of active ingredient. Industry-wide, efforts are focused on reducing the waste generated by processing and making sure waste product is used rather than disposed of. As biotechnology and pharmaceutical organizations turn to outsourced service providers, they are increasingly focused on identifying partners that take environmental sustainability seriously.

We are always looking for new ways to enhance environmental sustainability and better manage waste throughout the lifecycle of a product at Sterling, from on-site improvements like energy-efficient lighting and bulk nitrogen systems, to more significant investments like our anaerobic digestion plant and combined heat and power plant that drive progress toward energy self-sufficiency. We are committed to addressing a full range of pharmaceutical waste, treating waste waters at our on-site biological treatment plant, handling hybrid waste through anaerobic digestion, and finding ways to recover and reuse solvent waste.

As a drug and pharmacy regulator in country, we also work to achieve more and encourage sustainable processes by embracing techniques such as enzymatic recycling, which are inherently focused on waste minimization within pharmaceutical industry. We believe sustainability is built upon innovation, and we ultimately aim to be completely carbon neutral. Our entire team is empowered to identify, develop, and implement new ideas to reduce our environmental impact.

Our work is far from over. We continue to do more and more every day as a natural extension of our commitment to serving our customers, our employees, our local community, and our world, as well as our dedication to achieving carbon neutrality.

The pharmaceutical industry is making strides towards greater environmental sustainability and the right partner can empower you to minimize your environmental footprint today. Together, we can reduce our impact and make a meaningful change.

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PHARMACY AND POISONS BOARD FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Pharmacy and Poisons Board set out on pages 1 to 34, which comprise of the statement of financial position as at

30 June, 2021, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Pharmacy and Poisons Board as at 30 June, 2021, 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 Public Finance Management Act, 2012 and the Pharmacy and Poisons Act.

Basis for Qualified Opinion

1.0 Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.1,351,531,389. As disclosed in Note 16 to the financial statements, the balance includes net book value of Kshs.75,000,000 relating to the parcel of land on which the headquarters of the Board is located. However, and as previously reported, the land ownership documents were not provided for audit. Further, the balance includes land and buildings in regional offices with a net book value of Kshs.181,370,285 whose cost was subjected to a depreciation of 2.5% accumulating to Kshs.14,909,565 as at 30 June, 2021. This is contrary to the provisions of Paragraph 74 of IPSAS 17 which provides that land and buildings are separable assets and are accounted for separately, even when they are acquired together and that land has an unlimited useful life and therefore is not depreciated.

In addition, Management did not provide a fixed assets register to support the balance of property, plant and equipment. This is contrary to Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015, which requires the Accounting Officer to be responsible for maintaining a register of assets under his or her control.

In the circumstances, the ownership of property, plant and equipment and the accuracy of its balance of Kshs.1,351,531,389 as at 30 June, 2021 could not be confirmed.

2.0 Long Outstanding Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.72,939,134 which as disclosed in Note 15 to the financial statements, included trade debtors totalling Kshs.69,863,390 of which Kshs.9,930,246, had been outstanding for a period of more than one year and whose recoverability was doubtful. Although a provision for bad and doubtful debts of Kshs.1,505,065 had been made, the adequacy of the provision could not be confirmed. In addition, there was no evidence of efforts by the Management to recover the debts.

In the circumstances, the accuracy, recoverability and completeness of trade and other receivables balance of Kshs.9,930,246 could not be confirmed.

3.0 Failure to Comply with Financial Reporting Guidelines

The audit report for the year ended 30 June, 2020 raised several unsatisfactory issues in regard to balances reflected in the financial statements, lawfulness and effectiveness in use of resources and effectiveness of internal controls, risk management and governance. However, Management did not include all the issues under the progress on follow up of auditor's recommendations section of the financial statements for the year ended 30 June, 2021.

In the circumstances, Management did not comply with the financial reporting guidelines as issued by the Public Sector Accounting Standards Board (PSASB).

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Pharmacy and Poisons Board Management in accordance with ISSAI 130 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Failure to Appoint Board Members

The Pharmacy and Poisons Board has operated without a Board of Directors since March, 2020. This contravenes Section 3 of the Pharmacy and Poisons Act that provides for appointment of nine (9) Board members to serve for a period of three (3) years each. Section 4(4) of the Act further provides for a Board quorum of five (5) members during Board meetings.

Failure to appoint Board members has adversely affected key decisions of the Board curtailing discharge of its mandate.

2.0 Under Staffing

Review of the Board's staff establishment revealed that the authorised total number of staff was three hundred and fifty-two (352). However, in-post positions as at 30 June, 2021 were one hundred and seventy (170) resulting to an under establishment of one hundred and eighty-two (182) members of staff. In addition, there were instances of over staffing and gross under staffing in some cadres.

In the circumstances, effective service delivery of the Board may have been affected due to job overlaps and lack of segregation of duties.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Board's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Pharmacy and Poisons Board's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to sustain 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 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 July, 2022

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ending 30th June 2021.

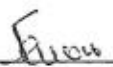
This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Pharmacy and Poisons 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 authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances

The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Public Finance Management Act and the State Corporations Act. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ending 30th June 2021, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the Directors to indicate that the 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 Board's financial statements were approved by the Directors on 05-07-2022 and signed on its behalf by:



Chief Executive Officer



Director

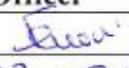



Director

**11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30TH
JUNE 2021**

		2020-2021	2019-2020
		Kshs	Kshs
	Note		
Revenue from exchange transactions			
Rendering of services	1	1,304,516,360	1,124,990,214
Finance Income	2	-	6,838,817
Other income	3	53,463,381	40,221,753
Total revenue		1,357,979,740	1,172,050,784
Expenses			
Use of goods and services	4	46,916,565	30,395,077
Employee costs	5	81,786,154	81,915,758
Board expenses	6	-	5,679,809
Depreciation	7	166,914,649	181,630,452
Repairs and maintenance	8	38,657,957	28,235,388
General expenses	9	701,235,087	590,706,075
Finance costs	10	567,429	938,775
Collection cost	11	304,500,508	193,554,574
Total expenses		1,340,578,349	1,113,055,907
Surplus for the year		17,401,392	58,994,877

12. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021

		2020-2021	2019-2020
		Kshs	Kshs
Assets	Note		
Current assets			
Cash and cash equivalents	12	346,718,363	287,611,051
Trade and Other Receivables	13	72,939,134	66,249,791
		419,657,497	353,860,842
Non-current assets			
Property, plant and equipment	14	1,351,531,389	1,406,573,091
		1,351,531,389	1,406,573,091
Total assets		1,771,188,886	1,760,433,941
Liabilities			
Current liabilities			
Trade and other payables	15	9,722,466	16,368,912
		9,722,466	16,368,912
Total liabilities		9,722,466	16,368,912
Net assets		1,761,466,421	1,744,065,029
Reserves	16	6,479,649	6,479,649
Accumulated surplus	17	1,754,986,772	1,737,585,380
Total net assets and liabilities		1,761,466,421	1,744,065,029
The Financial Statements set out on pages 1 to 34 were signed on behalf of the Board of Directors by:			
Chief Executive Officer		Director	
Dr. Fred Siyoi 		Dr. Jacinta Wasike 	
Date.....05.07.2022.....		Date.....05.07.2022.....	

13. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

		Reserves		
		Capital	Accumulated	Total
		Replacement	Surplus	
		Reserves		
		Kshs	Kshs	Kshs
Balance as at 1 July 2019		6,479,649	2,149,590,503	2,156,070,152
Transfer to National Treasury			(471,000,000)	(471,000,000)
Surplus for the year			58,994,877	58,994,877
Balance as at 30 June 2020		6,479,649	1,737,585,380	1,744,065,029
Balance as at 1 July 2020		6,479,649	1,737,585,380	1,744,065,029
Surplus for the year		-	17,401,392	17,401,392
Balance as at 30th June 2021		6,479,649	1,754,986,772	1,761,466,421

14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

Cash flows from operating activities

		2020-2021	2019-2020
		Kshs.	Kshs.
Receipts	Note		
Rendering of Services	1	1,304,516,360	1,124,990,214
Finance Income	2	-	6,838,817
Other incomes	3	53,463,381	40,221,753
Total Receipts		1,357,979,740	1,172,050,784
Payments			
Compensation to employees	5	81,786,154	81,915,758
Board Member Expenses	6	-	5,679,809
Use of goods and Services	4	46,916,565	30,395,077
Transfers to the National Treasury		-	471,000,000
Repairs and Maintenance	8	38,657,957	28,235,388
General expenses	9	701,235,087	590,706,075
Finance cost	10	567,429	938,775
Collection cost	11	304,500,508	193,554,574
Total Payments		1,173,663,700	1,402,425,455
Net Cash flow from Operating activities		184,316,041	(230,374,671)
Cash flow from Investing Activities			
Purchase of Property, Plant, Equipment	14	(113,477,943)	(213,989,318)
Disposal of Property, Plant and Equipment	14	1,605,000	-
(Increase)/decrease in receivables	13	(6,689,343)	(25,984,377)
Increase/(decrease) in payables	15	(6,646,447)	(3,158,499)
Net cash flow used in Investing activities		(125,208,732)	(243,132,194)
Cash flow from financing activities			
NET CASHFLOW FROM FINANCING ACTIVITIES			
Net increase/(decrease) in cash and cash equivalent		59,107,309	(473,506,865)
Cash and Cash Equivalent as at 1st July	12	287,611,055	761,117,920
Cash and Cash equivalent as at 30th June	12	346,718,363	287,611,055

**15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30 JUNE 2021**

	Approved	Adjustments	Final	Actual on	Performance	
	Budget	Reallocations	Budget	comparable basis	difference	
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Rendering of services	1,485,000,000	-	1,485,000,000	1,357,979,740	(127,020,260)	
Total income	1,485,000,000	-	1,485,000,000	1,357,979,740	(127,020,260)	(a)
Expenditure						
Compensation of employees	90,000,000	-	90,000,000	81,786,154	8,213,846	(b)
Finance cost	18,000,000	-	18,000,000	567,429	17,432,571	(c)
Board Expenses	17,000,000	-	17,000,000	-	17,000,000	(d)
Other payments	1,355,000,000	-	1,355,000,000	1,258,224,765	96,775,235	(e)
Total expenditure	1,480,000,000	-	1,480,000,000	1,340,578,349	139,421,651	
Surplus/(Deficit) for the period	5,000,000	-	5,000,000	17,401,392	12,401,392	
Note to variance analysis						
a) Reduction in revenue was due to effects of Covid 19 pandemic						
b) The Board's Personnel cost was within the approved budgeted amount.						
c) Finance cost was reduced due to prudent financial policy put in place by the Board						
d) Nil board member expenses were due to absence of board during the period.						
e) Other payments was well within the approved budgeted amount						

16. SIGNIFICANT ACCOUNTING POLICIES

1. General Information

Pharmacy and Poisons Board is established by and derives its authority and accountability from Pharmacy and Poisons Board Act of 1957, CAP 244; and Health Act, 2017. The Pharmacy and Poisons Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Pharmacy and Poisons Board's principal activity is the principal mission of Pharmacy and Poisons Board is aimed at safeguarding the health of the public by ensuring that medicines and health products comply with acceptable standards of quality, safety and efficacy and to regulate the practice of pharmacy and drugs

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Pharmacy and Poisons Board accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Pharmacy and Poisons Board.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Pharmacy and Poisons Board's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Pharmacy and Poisons Board's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Pharmacy and Poisons Board provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Pharmacy and</p>

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Standard	Effective date and impact:
	<p>Poisons Board;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Pharmacy and Poisons Board's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

The Pharmacy and Poisons Board did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Pharmacy and Poisons Board recognizes revenues from fees, taxes and fines 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 Pharmacy and Poisons Board 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 Pharmacy and Poisons Board and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The Pharmacy and Poisons Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Summary of Significant Accounting Policies (Continued)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Pharmacy and Poisons Board.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Pharmacy and Poisons Board's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on 28th July, 2020. Subsequent revisions or additional appropriations were not made to the approved budget in accordance with specific approvals from the appropriate authorities.

**Pharmacy and Poisons Board
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Summary of Significant Accounting Policies (Continued)

The Pharmacy and Poisons Board's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Pharmacy and Poisons Board operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Pharmacy and Poisons Board and the same taxation authority.

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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, the Pharmacy and Poisons Board 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.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Pharmacy and Poisons Board. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Pharmacy and Poisons Board also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Pharmacy and Poisons Board will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Pharmacy and Poisons Board. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

The Pharmacy and Poisons Board expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Pharmacy and Poisons Board can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

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

i) Financial instruments

a) 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. The Pharmacy and Poisons Board determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Pharmacy and Poisons Board has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

The Pharmacy and Poisons Board assesses at each reporting date whether there is objective evidence that a financial asset or an Pharmacy and Poisons Board of financial assets is impaired. A financial asset or a Pharmacy and Poisons Board of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Pharmacy and Poisons Board of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Pharmacy and Poisons Board of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) 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. The Pharmacy and Poisons Board determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Summary of Significant Accounting Policies (Continued)

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Pharmacy and Poisons Board.

k) Provisions

Provisions are recognized when the Pharmacy and Poisons Board 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 the Pharmacy and Poisons Board 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 reimbursement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

l) Contingent liabilities

The Pharmacy and Poisons Board does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

m) Contingent assets

The Pharmacy and Poisons Board does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Pharmacy and Poisons Board in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Nature and purpose of reserves

The Pharmacy and Poisons Board creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

The Pharmacy and Poisons Board recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

The Pharmacy and Poisons Board provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Pharmacy and Poisons Board pays fixed contributions into a separate Pharmacy and Poisons Board (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

s) Related parties

The Pharmacy and Poisons Board regards a related party as a person or an Pharmacy and Poisons Board with the ability to exert control individually or jointly, or to exercise significant influence over the Pharmacy and Poisons Board, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

t) Service concession arrangements

The Pharmacy and Poisons Board analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Pharmacy and Poisons Board recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Pharmacy and Poisons Board also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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 authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

v) Comparative figures

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

w) Subsequent events

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, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Pharmacy and Poisons Board'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. State all judgements, estimates and assumptions made: for example;

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Pharmacy and Poisons Board based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Pharmacy and Poisons Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Pharmacy and Poisons Board.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Provisions applicable for Pharmacy and Poisons Board include provision for bad and doubtful debts.

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17. NOTES TO THE FINANCIAL STATEMENTS

1. Rendering of services			
		2020-2021	2019-2020
		Kshs	Kshs
Professional Licences		55,095,877	32,067,000
Registration of Premises		83,012,350	43,615,000
Wholesale Dealer Licence		28,398,645	13,754,067
Registration of Drug Fees		553,067,557	514,708,940
Pharmaceutical Representative Permit Licence		13,828,202	5,900,705
Registration of Pharmacist Fees		989,520	94,903
Manufacturing Licence		5,353,800	2,449,071
GMP Inspection		142,481,033	118,981,182
Trade Affairs Income		422,289,375	393,419,347
Total revenue from the rendering of services		1,304,516,360	1,124,990,215
		2020-2021	2019-2020
		Kshs	Kshs
2. Finance Income			
Finance Income		-	6,838,817
Total finance Income		-	6,838,817

This is interest income receivable from the call deposit account held at Co-operative bank of Kenya

Pharmacy and Poisons Board
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Other income	2020-2021	2019-2020
	Kshs	Kshs
Advertising Fees	8,437,690	4,561,601
Exam Assessment and Training	38,258,316	17,798,040
Tenders	-	-
Miscellaneous Income	115,989	892,045
Donations	2,535,303	14,963,530
Other Incomes	2,511,082	2,006,537
Disposal of PPE	1,605,000	-
	53,463,381	40,221,753

4. Use of goods and services	2020-2021	2019-2020
	Kshs	Kshs
Electricity	4,813,369	4,852,908
Water	460,976	748,310
Security	8,460,800	11,221,900
Consultancy	33,181,420	13,571,959
	46,916,565	30,395,077

Pharmacy and Poisons Board
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Employee costs			
		2020-2021	2019-2020
		Kshs	Kshs
Basic Salary		55,503,203	56,928,333
House allowance		11,341,818	11,267,193
Extraneous allowance		2,052,000	1,986,962
Commuter allowance		6,060,000	3,062,000
Leave allowance		564,000	1,910,428
Non-Practice Allowance		972,000	921,000
Staff Pension		5,197,674	4,690,842
Consultancy		95,460	-
Interns		-	1,149,000
		81,786,154	81,915,758

6. Board expenses			
		2020-2021	2019-2020
		Kshs	Kshs
Sitting		-	4,133,200
Lunches		-	167,000
Transport		-	721,875
Honoraria		-	657,734
Total		-	5,579,809

7. Depreciation and amortization expense			
		2020-2021	2019-2020
		Kshs	Kshs
Property, plant and equipment		166,914,649	181,630,452
Total depreciation and amortization		166,914,649	181,630,452
8. Repairs and Maintenance			
		2020-2021	2019-2020
		Kshs	Kshs
Buildings		20,032,635	14,631,638
Office Furniture & Equipment		18,255,656	13,333,750
Maintenance of Lab Equipment		369,665	270,000
Total Repairs and Maintenance		38,657,957	28,235,388

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9. GENERAL EXPENSES			
The following are included in general expenses:			
		2020-2021	2019-2020
		Kshs	Kshs
Travelling and accommodation		120,390,336	88,550,508
Printing and stationery		86,797,054	95,602,468
Motor vehicle expenses		24,170,681	34,981,836
Telephone and postage		22,741,647	10,477,294
Training, seminars & conferences		36,377,667	8,714,023
Medical Insurance		38,140,774	42,583,909
Insurance		3,155,890	5,427,541
Advertising and publicity		12,872,886	14,909,500
Audit fee		1,160,000	1,160,000
Legal fee		13,224,608	23,954,600
Official entertainment		6,079,460	10,928,909
Donations		4,426,833	3,801,842
IT Expenses		188,806,390	133,125,916
Rent & rates		4,605,409	5,650,164
Office cleaning		29,138,604	21,919,898
Uniform		8,820,000	50,334,555
Reference Materials		10,490,098	2,315,630
Laboratory Reagents		89,836,751	36,267,482
Total general expenses		701,235,087	590,706,075

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. FINANCE COSTS				
		2020-2021		2019-2020
		Kshs		Kshs
Bank charges		567,429		938,775
Total finance costs		567,429		938,775
11. COLLECTION COSTS				
		2020-2021		2019-2020
		Kshs		Kshs
Drug analysis		8,264,425		9,195,042
Drug crime investigation		25,258,666		9,023,537
Exam assessment & training		65,442,876		34,088,069
GMP (Good Manufacturing Practice)		77,178,303		36,066,476
Market Surveillance		128,356,238		105,181,450
Total		304,500,508		193,554,574

12. CASH AND CASH EQUIVALENT				
		2020-2021		2019-2020
		Kshs		Kshs
Current Account		346,718,363		287,611,055
Total Cash and cash equivalent		346,718,363		287,611,055

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12(a) DETAILED ANALYSIS OF THE CASH & CASH EQUIVALENT

	Account Number	2020-2021	2019-2020
		Kshs	Kshs
Cooperative bank - Kshs	0112003758900	89,574,091	134,936,316
Barclays Bank - Kshs	0708017701	65,780,424	(21,938,505)
National bank - Kshs	01001031846400	5,316,442	119,782,460
Barclays bank - USD	2023469262	186,047,406	54,830,784
Sub-Total		346,718,363	287,611,055
Grand Total		346,718,363	287,611,055

13. TRADE AND OTHER RECEIVABLES

			2020-2021		2019-2020
			Kshs		Kshs
Rent deposit			393,319		393,319
Prepayments			4,187,490		4,187,490
Trade debtors			69,863,390		63,174,047
Provision for bad and doubtful debts			(1,505,065)		(1,505,065)
Total			72,939,134		66,249,791

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1 NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 14. Property, Plant and Equipment

		Land	Building	Office	Motor	Computer	Office	Equipment	Container	Furniture and Fittings	Lab for Post Market Surveillance	Regional	Car	TOTAL
		(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)
COST														
Rate(%)		Nil	2.50%	12.50%	25%	30%	12.50%	12.50%	12.50%	12.50%	12.50%	2.50%	12.50%	
COST														
As at 01.07.2019		75,000,000	332,806,430	147,382,644	147,161,523	394,687,531	228,152,929		490,000	100,436,610	330,140,639	196,279,850	15,781,361	1,968,319,518
Additions		-	-	30,137,779	12,390,621	30,246,561	67,313,724		-	10,458,624	63,442,008	-	-	213,989,318
As at 30.06.2020		75,000,000	332,806,430	177,520,423	159,552,145	424,934,092	295,466,654		490,000	110,895,235	393,582,647	196,279,850	15,781,361	2,182,308,837
DEPRECIATION														
As at 01.07.2019		-	38,421,202	38,531,654	107,281,340	227,998,446	54,968,437		361,093	37,135,078	80,220,002	5,489,281	3,698,756	594,105,289
Charge for the year		-	7,359,631	17,373,596	13,067,701	59,080,694	30,062,277		16,113	9,220,020	39,170,331	4,769,764	1,510,326	181,630,452
Acc dep as at 30.06.2020		-	45,780,833	55,905,250	120,349,041	287,079,140	85,030,714		377,207	46,355,098	119,390,333	10,259,045	5,209,082	775,735,742
NBV as at 30.06.2020		75,000,000	287,025,597	121,615,173	39,203,104	137,854,952	210,435,940		112,793	64,540,137	274,192,314	186,020,805	10,572,279	1,406,573,095
As at 30.06.2019		75,000,000	294,385,228	108,850,991	39,880,183	166,689,085	173,184,493		128,907	63,301,532	249,920,637	190,790,569	12,082,605	1,374,214,229
As at 01.07.2020		75,000,000	332,806,430	177,520,423	159,552,145	424,934,092	295,466,654		490,000	110,895,235	393,582,647	196,279,850	15,781,361	2,182,308,837
Additions		-	-	20,381,970	12,642,726	19,096,794	51,533,962		-	9,822,491	-	-	-	113,477,943
Disposal		-	-	-	(1,270,000)	-	(335,000)		-	-	-	-	-	(1,605,000)
As at 30.06.2021		75,000,000	332,806,430	197,902,393	170,924,871	444,030,886	346,665,616		490,000	120,717,725	393,582,647	196,279,850	15,781,361	2,294,181,780
DEPRECIATION														
As at 01.07.2020		-	45,780,833	55,905,250	120,349,041	287,079,140	85,030,714		377,207	46,355,098	119,390,333	10,259,045	5,209,082	775,735,742
Charge for the year		-	7,175,640	17,749,643	12,643,957	47,085,524	32,704,363		14,099	9,295,328	34,274,039	4,650,520	1,321,535	166,914,649
Acc dep as at 30.06.2021		-	52,956,473	73,654,893	132,992,999	334,164,664	117,735,077		391,306	55,650,426	153,664,372	14,909,565	6,530,617	942,650,390
NBV as at 30.06.2021		75,000,000	279,849,957	124,247,501	37,931,872	109,866,222	228,930,539		98,694	65,067,299	239,918,275	181,370,285	9,250,744	1,351,531,389
As at 30.06.2020		75,000,000	287,025,597	121,615,173	39,203,104	137,854,952	210,435,940		112,793	64,540,137	274,192,314	186,020,805	10,572,279	1,406,573,095

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Trade and other payables

	2020-2021		2019-2020
	Kshs		Kshs
Trade Payables	8,562,466		14,840,322
Other Payables	1,160,000		1,528,590
	9,722,466		16,368,912
16. Revaluation Reserve			
	2020-2021		2019-2020
	Kshs		Kshs
Revaluation of Assets	6,479,649		6,479,649
Total	6,479,649		6,479,649
17. Accumulated Reserve			
	2020-2021		2019-2020
	Kshs		Kshs
As at 1st July 2020	1,737,585,380		2,149,590,503
Transfer to the National Treasury	-		(471,000,000)
Surplus for the year	17,401,392		58,994,877
As at 30th June 2021	1,754,986,772		1,737,585,380

APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status
1.0	Property, plant and equipment. Lack of title deeds for LR No. 209/365/5	Follow up is being made with the Ministry of Land so as to secure the title	Outstanding
2.0	Trade and other receivables-Long outstanding debts	Partial recoveries were made during the year	On going