

KENYA PLANT HEALTH INSPECTORATE SERVICE

MANAGEMENT ACCOUNTS

FINANCIAL REPORT FOR QUARTER 2 OF 2022/23FY – INSTITUTIONAL PERFORMANCE



Contents

EXECUTIVE SUMMARY	3
STATEMENT OF FINANCIAL PERFORMANCE.....	4
1. Public Contributions & Donations – Development Partner Support.....	5
2. Transfers from government –GOK Grant.....	5
4. Employee Costs.....	7
5. Board Expenses.....	8
6. Depreciation and Amortization.....	8
7. Repairs and Maintenance	8
8. Grants and subsidies	9
9. General Expenses.....	9
STATEMENT OF FINANCIAL POSITION	11
2. Receivables	12
3. Receivables from Non-Exchange Transactions	13
4. Prepayments	13
5. Investments.....	13
6. Trade and other Payables from exchange Transactions.....	14
7. Deferred Income	14
Payments Received in advance.....	14
STATEMENT OF BUDGET -RECURRENT	15
10. STATEMENT OF BUDGET –CAPITAL	16

EXECUTIVE SUMMARY

Management continues to ensure that timely revenue collection and expenditure controls are in place for continued delivering of services to the public in spite of many challenges posed.

Total revenue from services rendered was Kshs. 580 million in the first half of FY 2022/23 compared to Kshs 601.4 million received in FY 2021/22 representing a 4% decline. Revenue from rendering services constituted 87% of total organizational Revenue.

Second quarter revenue increased from Kshs 277 million to 319 million due to commencement of inspection charging for coffee, tea and herbs and lifting of waiver on import charges for maize and animal feeds. The revenue increase will be sustained in the second half of the year if no further government measures are instituted.

Quality Assurance Division had Seed Certification (HQ, Kitale, and Nakuru) and ACL departments revenues drop by 25% and 34% respectively with main reason being reduced acreage of seed and effects of drought hence reduced inspections. Reduced donor funding for sampling activities impacted negatively on ACL performance.

Revenue from Phytosanitary Division increased by 3% in the period from Kshs. 442 million to Kshs 456 million. During the period total expenses reduced by 8% compared to financial year 2021/22.

The Corporation shall continue with its external resource mobilization with special focus on development partners and GOK.

STATEMENT OF FINANCIAL PERFORMANCE

		Year to Year - Quarter to Quarter		Year to Date - Cumulative		
	Notes	Dec	Dec	Dec 2022	Dec 2021	
				Shs '000'	Shs	
Revenue from non-						
Public contributions and	1	4,773	8,830	5,778	18,042	-68%
Transfers from other governments–gifts and services-in-kind	2	26,833	40,125	67,083	80,250	-16%
		31,606	48,955	72,861	98,292	-26%
Revenue from exchange						
Rendering of services	3(a)	319,386	276,897	580,348	601,445	-4%
Hire of Facilities	3(b)	2,222	1,854	3,325	2,573	29%
Finance income-external investments	3(b)	-	-	-	-	
Other income	3(b)	309	309	635	653	-3%
		321,917	279,059	584,307	604,671	-3%
Total revenue		353,524	328,015	657,169	702,964	-7%
Expenses						
Employee costs	4	142,978	139,591	277,525	279,440	-1%
Board Expenses	5	2,203	5,390	16,836	11,930	41%
Depreciation and amortization expense	6	18,134	22,354	36,268	44,708	-19%
Repairs and maintenance	7	14,749	20,899	25,959	37,900	-32%
Grants and subsidies	8	4,773	8,830	5,778	18,042	-68%
General expenses	9	165,170	169,855	321,979	353,818	-9%
Total expenses		348,007	366,919	684,345	745,838	-8%
Other gains/(losses)						
Gain on sale of assets		-	2	-	393	
Gain on foreign exchange		(434)	325	567	344	
Increase/Decrease in			-			
Total other		(434)	326	567	737	
			-			
Surplus/Deficit for the period		5,083	(38,578)	(26,609)	(42,137)	

NOTES AND DETAILED BREAKDOWN

1. Public Contributions & Donations – Development Partner Support

	Year to Year - Quarter to Quarter		Year to Date - Cumulative	
	QT 2 2022/23	QT 2 2021/2022	QT 2 2022/23	QT 2 2021/2022
	Kshs 000	Ksh 000	Kshs 000	Kshs 000
Public contributions and				
Project grant COPE	936	4,500	1,941	8,140
COMESA/RIIP	1,864	3,613	1,864	8,847
SASHA	-	717	-	717
USAID foodscap	1,973	-	1,973	339
	4,773	8,830	5,778	18,042

Donor funding expenditure in the period reduced from Kshs. 18 million in the period to 5.7 due to reduced donor funds.

2. Transfers from government –GOK Grant

	QT 2 2022/23	QT 2 2021/2022	QT 2 2022/23	QT 2 2021/2022
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Transfers from other governments–gifts and services-in-kind				
Grants to government agencies	26,833	40,125.00	67,083	80,250

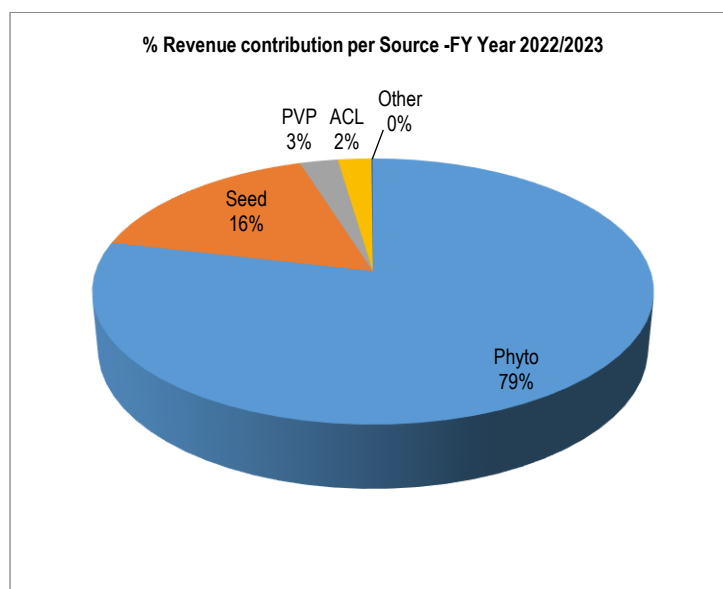
GOK grant received was 67,083 compared to Kshs. 80,250 received in the prior period. The grant of December 2022 of Kshs. 13.4 million is expected in January 2022. Recurrent grant for the year 2022/23 stands at 161 million.

3. Revenue

a) Rendering of Services

	Half Year		
	FY 2022/23	FY 2021/22	Percentage
	KShs 000	KShs 000	
Phytosanitary Services	456,309,392	442,410,941	3%
Seed Certification	95,675,118	128,324,068	-25%
Plant Variety Services	14,808,051	10,588,343	40%
Analytical Laboratory Services	12,955,447	19,594,485	-34%
Other	599,661	527,580	14%
Total revenue	580,347,671	601,445,417	-4%

The institution's half year revenues from rendering of services reduced by 4% from 601 million to 580 million. Seed certification revenues decreased by 25% due to reduced inspections. PVP service revenue increased by 40% whilst ACL revenues reduced by 34% owing to reduced donor funded activities.



b) Summary revenue from Exchange Transactions

	Year to Year - Quarter to Quarter		Year to Date -Cumulative	
	QT 2 2022/23	QT 2 2021/2022	QT 2 2022/23	QT 2 2021/2022
Revenue from exchange	KShs 000	KShs 000	KShs 000	KShs 000
Rendering of services	319,386	276,897	580,348	601,445
Hire of Facilities	2,222	1,854	3,325	2,573
Finance income-external	-	-	-	-
Other income	309	309	635	653
	321,917	279,059	584,307	604,671

- Overall internally generated revenues reduced by 4%

4. Employee Costs

	Year to Year - Quarter to Quarter		Year to Date - Cumulative		
	QT 2 2022/23	QT 2 2021/2022	QT 2 2022/23	QT 2 2021/2022	
Employee cost	KShs 000	KShs 000	KShs 000	KShs 000	
Basic salaries	76,341	75,905	151,989	153,115	-1%
Casual Labour	15,603	11,037	22,569	20,862	8%
Gratuity & Pension	11,315	11,391	22,633	22,775	-1%
House Allowance	26,594	27,886	53,492	56,197	-5%
Transfer Allowance	55	486	55	818	
Other Personal Allowances	12,727	11,828	25,726	23,982	7%
Overtime Allowance	299	1,058	1,018	1,691	
Passage & Leave	42	-	42	-	
Compensation & Exgratia	-	-	-	-	
Staff Counselling &	-	-	-	-	
	142,978	139,591	277,525	279,440	-1%

Notes

- There was no substantial change on overall employee costs in the two periods.

5. Board Expenses

	Year to Year - Quarter to Quarter		Year to Date - Cumulative		
	QT 2 2022/23	QT 2 2021/2022	QT 2 2022/23	QT 2 2021/2022	% Change
	Shs '000'	Shs '000'	Shs '000'	Shs '000'	
Medical expenses	-	-	167	-	
Expenditure of Board committees & Seminars	1,942	5,129	16,181	11,408	42%
Fees commission & Honoraria	261	261	488	522	-6%
	2,203	5,390	16,836	11,930	41%

6. Depreciation and Amortization

	Half Year			
	2022/23	2021/22	%	
	Shs '000'	Shs '000'		
Depreciation and amortization	36,268	44,708		Provisional sinking fund

7. Repairs and Maintenance

	Year to Year - Quarter to Quarter		Year to Date - Cumulative		
	QT 2 2022/23	QT 2 2021/2022	QT 2 2022/23	QT 2 2021/2022	
	KShs 000	KShs 000	KShs 000	KShs 000	
Maintenance of Motor Vehicle	6,637	8,662	12,409	18,925	-34%
Maintenance of Plant Machinery & Equipment	5,269	5,983	8,194	9,525	-14%
Maintenance of Buildings and stations	2,843	6,254	5,356	9,450	-43%
	14,749	20,899	25,959	37,900	-32%

Maintenance expenses reduced by 32% in the period due to purchase of motor vehicles and a drop in maintenance of buildings and stations.

8. Grants and subsidies

	Year to Year - Quarter to		Year to Date -	
	QT 2 2022/23	QT 2 2021/2022	QT 2 2022/23	QT 2 2021/2022
	Kshs 000	Ksh 000	Kshs 000	Kshs 000
Public contributions and				
Project grant COPE	936	4,500	1,941	8,140
COMESA/RIIP	1,864	3,613	1,864	8,847
SASHA	-	717	-	717
USAID foodscap	1,973	-	1,973	339
	4,773	8,830	5,778	18,042

Reduction in donor funding expenditure attributed to reduced donor funding.

9. General Expenses

	Year to Year - Quarter to Quarter		Year to Date - Cumulative		
	QT 2 2022/23	QT 2 2021/2022	QT 2 2022/23	QT 2 2021/2022	% Change
	KShs 000	KShs 000	KShs 000	KShs 000	
Electricity	4,312	5,104	6,997	9,554	-27%
Water & Conservancy	110	174	230	631	-64%
Telephone	787	1,027	1,613	2,263	-29%
Postal & Courier	873	1,043	1,894	2,808	-33%
Internet Services	2,906	4,276	5,559	8,540	-35%
Local travel &	53,941	63,960	112,461	115,162	-2%
External Travel	3,999	6,735	7,198	8,484	-15%
Publishing & printing	25,816	11,586	34,041	31,114	9%
Advertising & publicity	19	221	855	1,394	-39%
Trade shows & Exhibitions	2,172	1,170	3,472	1,610	116%
Rents & Rates	171	117	5,406	4,136	31%
Hire of transport	344	314	834	607	37%
Training (stakeholders)	42	723	47	997	-95%
catering services	2,124	2,299	3,994	3,339	20%

	Year to Year - Quarter to Quarter		Year to Date - Cumulative		
	QT 2 2022/23	QT 2 2021/2022	QT 2 2022/23	QT 2 2021/2022	% Change
	KShs 000	KShs 000	KShs 000	KShs 000	
Insurance premiums -	1,159	825	3,718	3,334	12%
laboratory stores	8,844	8,429	13,286	24,748	-46%
Education & library	321	532	669	915	-27%
Uniform & clothing	71	464	2,053	1,162	77%
supply of production	2,605	1,114	2,726	3,043	-10%
General office supplies	7,551	4,183	10,838	12,602	-14%
Accessories for computers	8,936	6,827	13,615	22,963	-41%
Fuel & lubricants	11,077	5,518	16,373	12,813	28%
Bank Charges	362	1,095	652	2,190	-70%
Guards & cleaning services	6,250	9,444	13,977	15,324	-9%
contracted professional	3,832	4,185	3,880	6,264	-38%
others/Miscellaneous	35	63	35	222	-84%
contribution to private and	1,314	1,420	1,382	1,665	-17%
Farmer demonstration &	11,547	7,612	15,589	16,195	-4%
Audit fees	-	961	961	961	
corporate social	8	-	8	751	-99%
Training Expenses (staff)	3,620	4,797	3,583	8,432	-58%
Medical Expenses	24	13,289	29,772	26,133	14%
Staff life & accident	-	348	4,264	3,458	23%
	165,170	169,855	321,979	353,818	-9%

Notes:

General expenses reduced by 9% in the period

KENYA PLANT HEALTH INSPECTORATE SERVICE

STATEMENT OF FINANCIAL POSITION

		FY 2022/23	FY 2021/22	% increas e/Decli ne
	Note	Dec 2022	Prior Year	
Assets		Shs '000'	Shs '000'	
Current assets				
Cash and cash equivalents	1	10,983	23,721	-54%
Receivables from exchange transactions	2	185,497	138,383	34%
Receivables from non-exchange	3	5,288	5,311	
Inventories		30,788	63,175	
Prepayments	4	97,991	55,784	76%
Total Current Assets		330,549	286,373	15%
Non-current assets				
Property, plant and equipment		1,048,877	1,071,798	-2%
Investments	5	60,000	60,000	0%
Long term receivables from exchange		-	-	
Total non-current assets		1,108,877	1,131,798	-2%
Total assets		1,439,426	1,418,170	1%
Liabilities				
Current liabilities				
Trade and other payables from exchange	6	166,165	126,555	31%
Provisions		7,693	7,693	0%
Deferred income	7	67,085	57,820	16%
Payments received in advance	8	8,464	9,474	-11%
Total current liabilities		249,407	201,542	24%
Net assets				
Reserves		1,216,628	1,287,789	-6%
Accumulated surplus		(26,609)	(71,160)	-63%
Total net assets		1,190,019	1,216,628	-2%
Total net assets and liabilities		1,439,426	1,418,170	1%

Current Ratio	1.33	1.42
Quick Ratio	1.33	1.11

- a) Total assets reduced by 2% (depreciation and acquisitions difference), total current Liabilities increased by 24% mainly as a result of strained cashflows from stoppage of charging maize imports and animal feeds in first quarter and thus increasing trade payables. Total net worth of the organization (net assets and liabilities) was 1.43 Billion.
- b) Trade receivables increased by 34% caused by Invoices generated at the end of the period whilst trade payables increased by 25%.
- c) Cash position was low in the half year period from July -Dec 2022.

1. Cash and Cash Equivalent

	2022/23	June 2021/22	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Cash and Cash Equivalent	10,983	23,721	-54%

2. Receivables

	2022/23	June	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Accounts receivables	210,179	163,064	29%
Less Impairment Allowance	24,682	24,682	0%
Total Receivables	185,497	138,383	34%

Aged Analysis

Current	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
KShs	KShs	KShs	KShs	KShs	KShs
26,566,853	38,318,065	35,792,429	14,975,839	94,525,894	210,179,080
13%	18%	17%	7%	45%	100%

Debt over 90 days constituted 45% of the total receivable's portfolio like quarter 1. Management has continued to institute debt collection strategies at both institutional and regional levels.

3. Receivables from Non-Exchange Transactions

	2022/23	June 2021/22	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Staff Advance	23	36	
Interest receivable	2,099	2,099	
Medical Advance	3,166	3,176	
Total Prepayment	5,288	5,311	

4. Prepayments

	2022/23	June 2021/22	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Prepayment to suppliers	31,097	43,008	-28%
Travel Imprest	56,228	2,109	
Deposits to suppliers	10,666	9,888	8%
Total Prepayment	97,991	55,005	78%

Increased travel imprest due to disbursements to regions and ongoing activities by staff

5. Investments

	2022/23	June 2021/22	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Investments	60,000	60,000	0%

This represents staff mortgage scheme deposit

6. Trade and other Payables from exchange Transactions

	2022/23	June 2021/22	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Trade creditors	84,876	94,789	10%
Sundry creditors	70,489	31,048	
Others-PAYE and Tax Liability	10,800	717	
	166,165	126,555	-31%

Aged Analysis

Current	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	TOTAL
KShs	KShs	KShs	KShs	KShs	KShs
11,798,467	25,856,364	17,303,952	10,408,876	19,508,374	84,876,032
14%	30%	20%	12%	23%	100%

7. Deferred Income

	B/forward	Receipts	Expenditure	Carried Forward
	Shs '000'	Shs '000'	Shs '000'	Shs '000'
Deferred Income	57,820	15,043	5,778	67,085

Payments Received in advance

	2022/23	June 2021/22	% Change
	Sh"000"	Sh"000"	
Payments received in advance	8,464	8,641	-2%

STATEMENT OF BUDGET -RECURRENT

	Original Budget	Half Year Budget	Half Year Actuals	Variance		Explanati on of material variances
	Annual		Dec 2022	Variance	%	
	Shs "000"	Shs "000"	Shs "000"	Shs "000"		
Revenue						
Public contributions and donations	30,750	15,375	5,778	(9,597)	-62%	(a)
Transfers from other governments–gifts and services-in-kind	160,500	80,250	67,083	(13,167)	-16%	(b)
Rendering of services	1,355,842	677,921	580,348	(99,323)	-15%	
Other income	4,908	2,454	3,960	1,506	61%	(c)
Total income	1,552,000	776,000	657,169	(120,581)	16%	
Expenses						
Employee costs	728,100	364,050	277,525	86,525	24%	(d)
Board Expenses	30,000	15,000	16,836	(1,836)	-12%	(e)
Depreciation	69,036	34,518	36,268	-	-5%	
Repairs and maintenance	60,924	30,462	25,959	4,503	15%	(f)
Grants and subsidies	30,750	15,375	5,778	9,597	62%	(g)
General expenses	633,190	316,595	321,979	(5,384)	-2%	
Total expenditure	1,552,000	776,000	684,345	93,405	12%	
			567	567		
Surplus for the period	(0)	(0)	(26,609)	(26,609)		

Explanation of material variance

- a) **Public contributions and donations** – Reduced Donor grants
- b) **Transfers from Government**- December 2022 grant expected in Jan 2023
- c) **Other income**- Increased demand for accommodation
- d) **Employee costs** – 24% savings on budget due to delayed hiring of required staff.
- e) **Board Expenses** – This expense is expected to even out as the year progresses.
- f) **Repairs and Maintenance** -Reduced motor vehicle repairs and station maintenance in the period.
- g) **Grants and subsidies** – Reduced donor grants in the period.

10. STATEMENT OF BUDGET –CAPITAL

Project in Order of Priority and Justification		Initial Budget 2022/23	Indicative Budget 2022/23	Expenditure 30th December 2022	Source of Funding
OTHER CAPITAL ITEMS		KShs 000	KShs 000	KShs 000	
1	Farm Equipment/ Tools (Machines, Tractors, Wheelbarrows, Rake, Spade etc.	2,000	10,000	-	KEPHIS
2	Office Furniture	5,000	4,000	2,493	
3	Plant and Machinery	12,000	8,000	3,016	
4	Purchase / Replacement of Motor Vehicles	15,000	3,000	-	
5	Specialized ICT Security, Architecture, System Software and Equipment	13,000	2,000	7,256	
6	Upgrade of ERP System	15,000	7,901	3,776	
7	Upgrading of Laboratories	10,536	25,000	152	
TOTAL		72,536	72,536	16,693	
SOURCES OF FUNDS FOR THE CAPITAL BUDGET.					
1	A-I-A - Retained Earnings	72,536	72,536	16,693	
2	Previous Years				
3	Government Grants - Development - 2630200				
4	Grants from Development Partner - Dev't				
5	Borrowings, Both Current Year and Previous Years (Including Infrastructure Bond)				
6	Other Incomes-Dev't(Specify)				
TOTAL FUNDS		72,536	72,536		

END