

KENYA PLANT HEALTH INSPECTORATE SERVICE

MANAGEMENT ACCOUNTS

FINANCIAL REPORT FOR QUARTER 3 OF FY2022/23 INSTITUTIONAL PERFORMANCE



TABLE OF CONTENTS

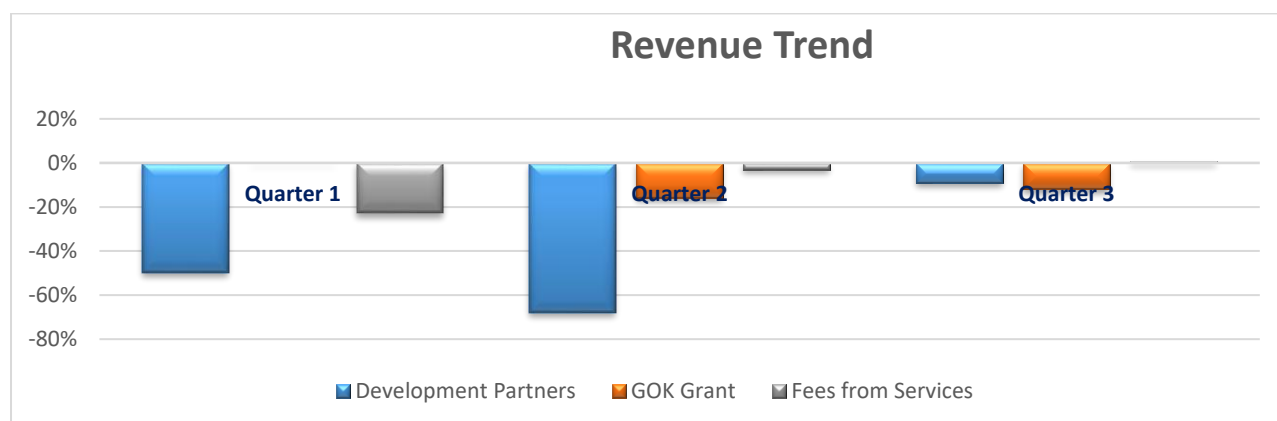
EXECUTIVE SUMMARY.....	3
STATEMENT OF FINANCIAL PERFORMANCE	5
1. Public Contributions & Donations – Development Partner Support	6
2. Transfers from government –GOK Grant	6
3. Employee Costs	8
4. Board Expenses	9
5. Depreciation and Amortization	9
6. Repairs and Maintenance.....	9
7. Grants and subsidies.....	10
8. General Expenses	10
STATEMENT OF FINANCIAL POSITION.....	12
2. Receivables	15
3. Receivables from Non-Exchange Transactions.....	16
4. Prepayments.....	16
5. Investments	16
6. Trade and other Payables from exchange Transactions	17
7. Deferred Income.....	17
Payments Received in advance	17
STATEMENT OF BUDGET -RECURRENT.....	18
9. STATEMENT OF BUDGET –CAPITAL	19

EXECUTIVE SUMMARY

At the third quarter point of the FY 2022/23FY, positive performance improvements at both revenue and expenditure fronts were recorded. Revenue performance shows that the institution is on a recovery path having turned around negative trend reported in quarter 1 and 2. The recovery is attributed to reinstatement of waived fees for tea, coffee, spices, and herbs and whose results are reflected in revenue from Mombasa office. Expenditure continues to be controlled within the previous year's level despite upward inflationary pressures in general prices of goods and services.

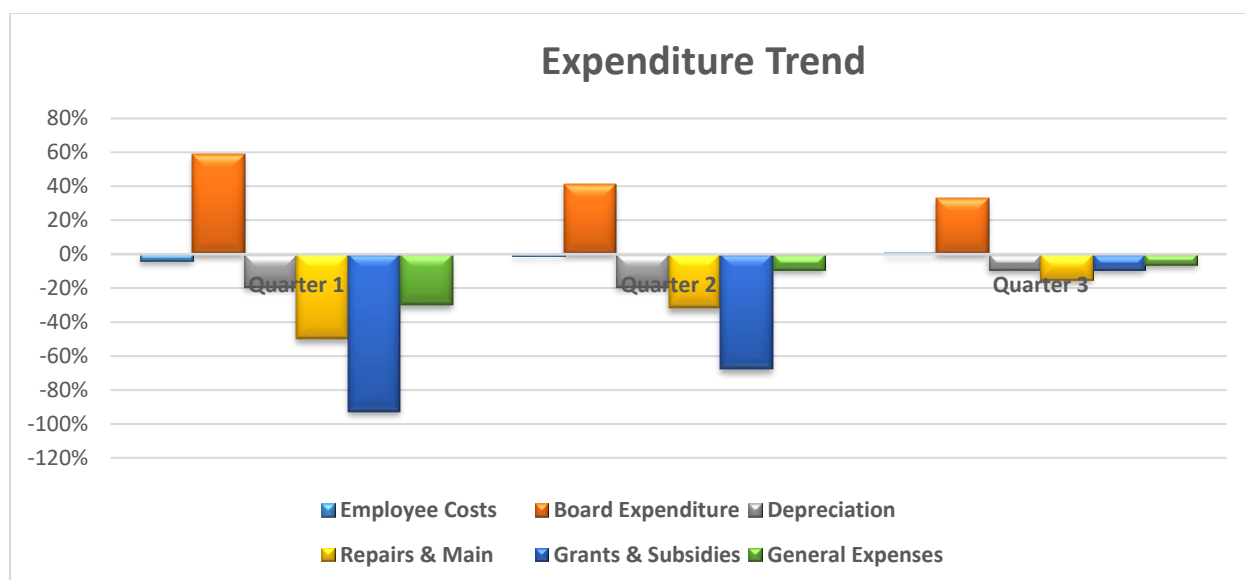
Revenue performance % change over the three quarters is as follows:

Revenue Source	Quarter 1	Quarter 2	Quarter 3
<i>Development Partners</i>	-50%	-68%	-9%
<i>GOK Grant</i>	0%	-16%	-12%
<i>Fees from Services</i>	-23%	-3%	1%



Expenditure performance % change over the three quarters is as follows:

Expenditure Classification	Quarter 1	Quarter 2	Quarter 3
<i>Employee Costs</i>	-4%	-1%	1%
<i>Board Expenditure</i>	59%	41%	33%
<i>Depreciation</i>	-19%	-19%	-9%
<i>Repairs & Main</i>	-50%	-32%	-15%
<i>Grants & Subsidies</i>	-93%	-68%	-9%
<i>General Expenses</i>	-30%	-9%	-6%



Following improved performance as reflected in the trends above, the deficit reported was KShs. 17.8 million at the end of current period compared to a loss of KShs. 50.9 million in the prior year.

Despite improved performance, the institution is still operating below budget targets in terms of revenue and expenditure by 7%. This underachievement is attributed to underperformance of import fees generated from cross border trade between Kenya and her East African neighbours.

The balance sheet position is healthy but can be enhanced through improved realization of debtors and settlement of trade creditors. The improvement can be achieved through change of policy from credit to prepayment and comprehensive digitization of services. It is important to note that the government is in the process of onboarding all services onto the E-Citizen platform. KEPHIS systems should be readied for this.

STATEMENT OF FINANCIAL PERFORMANCE

		Quarter 3 – Quarter to Quarter		Quarter 3 -Year to Date		
	Notes	March 2023	March 2022	March 2023 Quarter 3	March 2022 Quarter 3	
		Shs '000'	Shs '000'	Shs '000'	Shs '000'	
Revenue from non-exchange transactions						
Public contributions and donations	1	10,906	1,739	17,924	19,781	-9%
Transfers from other governments–gifts and services-in-kind	2	38,583	40,125	105,667	120,375	-12%
		49,489	41,864	123,591	140,156	-12%
Revenue from exchange transactions						
Rendering of services	3(a)	353,025	317,658	932,762	919,103	1%
Hire of Facilities	3(b)	836	1,758	4,091	4,331	-6%
Finance income-external investments	3(b)	-	-	-	-	
Other income	3(b)	1,182	429	1,018	1,085	-6%
		355,043	319,845	937,871	924,519	1%
Total revenue		404,531	361,709	1,061,461	1,064,676	0%
Expenses						
Employee costs	4	151,494	144,316	427,656	423,756	1%
Board Expenses	5	6,003	5,418	23,031	17,348	33%
Depreciation and amortization expense	6	21,615	23,723	64,845	71,168	-9%
Repairs and maintenance	7	12,430	15,930	45,624	53,830	-15%
Grants and subsidies	8	10,906	1,739	17,924	19,781	-9%
General expenses	9	151,945	177,418	501,438	531,235	-6%
Total expenses		354,393	368,544	1,080,518	1,117,120	-3%
Other gains/(losses)						
Gain on sale of assets			-			
Gain on foreign exchange transactions		-	-	885	391	
Increase/Decrease in provision for doubtful debts		67	719	336	1,063	
Total other gains/(losses)		-	-	-	-	
Surplus/Deficit for the period		50,206	(6,116)	(17,836)	(50,990)	

NOTES AND DETAILED BREAKDOWN

1. Public Contributions & Donations – Development Partner Support

	Quarter to Quarter		Year to Date	
	QT 3 2022/23	QT 3 2021/2022	QT 3 2022/23	QT 3 2021/2022
	Kshs 000	Ksh 000	Kshs 000	Kshs 000
Public contributions and donations				
COPE	3,334	1,714	5,859	9,854
COMESA/RIIP	6,720	25	9,241	8,872
CABI- Papaya Mealy Bug	852	-	852	-
CIP Pre-Basic revolving Fund	-	-	-	-
Natural History Museum	-	-	-	-
USAID Foodscap	-	-	1,973	339
	10,906	1,739	17,924	19,781

Utilised Donor funding in the period from to KShs. 17.9M reflecting improvement on quarter-to-quarter performance.

2. Transfers from government –GOK Grant

	Quarter		Year to Date	
	QT 3 2022/23	QT 3 2021/2022	QT 3 2022/23	QT 3 2021/2022
	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Grants to government agencies	38,583	40,125	105,667	120,375

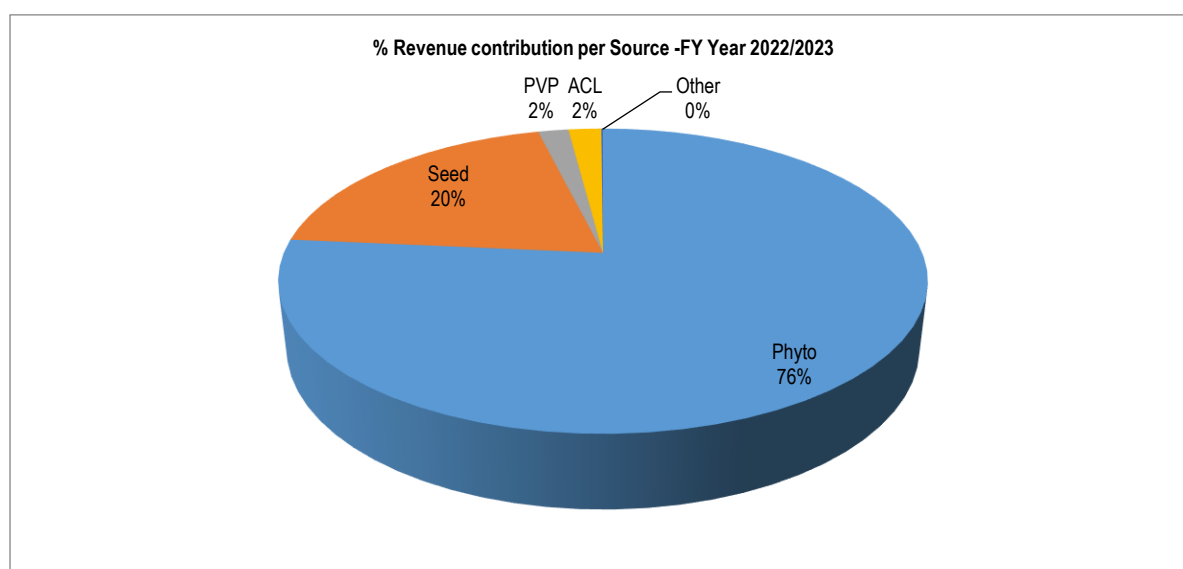
The allocation for the month March had not yet been received as at the end of the quarter. It is also important to note that the grant for the year 2022/23 was cut by 10% from KShs. 160.5M to KShs. 150.5M

Revenue

a) Rendering of Services

	9 Months		
	FY 2022/23	FY 2021/22	Percentage
Phytosanitary Services	713,122,082	674,585,101	6%
Seed Certification	183,611,934	200,147,860	-8%
Plant Variety Services	16,846,785	18,717,943	-10%
Analytical Laboratory Services	18,226,978	24,902,090	-27%
Other	954,275	750,177	27%
Total revenue	932,762,053	919,103,172	1%

The institution's 9-month revenues from rendering of services increased by 13.6 million which is equivalent to 1% on year-to-year comparison. Phytosanitary revenue increased by 38.5 million i.e. 6% increase. ACL, Seed certification revenues and PVP service revenues decreased by 27%, 10% and 8% respectively.



b) Summary revenue from Exchange Transactions

	Quarter		Year to Date	
	QT 3	QT 3	QT 3	QT 3
Revenue from exchange			-	
Rendering of services	353,025	317,658	932,762	919,103
Hire of Facilities	836	1,758	4,091	4,331
Finance income-external	-	-	-	-
Other income	1,182	429	1,018	1,085
	355,043	319,845	937,871	924,519

Internally generated revenues increased by 1% only. Resumption of charging on Coffee, tea and herbs has enhanced the revenue at the port. Imports on the Tanzania borders have however substantially declined.

3. Employee Costs

	Quarter		Year to Date		
	QT 3 2022/23	QT 3 2021/22	QT 3 2022/23	QT 3 2021/22	
Employee cost					
Basic salaries	79,489	74,026	231,336	227,141	2%
Casual Labour	15,086	15,481	36,567	36,343	1%
Gratuity & Pension	11,100	11,117	33,590	33,892	-1%
House Allowance	27,819	27,136	81,255	83,333	-2%
Transfer Allowance	165	224	220	1,042	
Other Personal Allowances	13,350	11,607	39,048	35,589	10%
Overtime Allowance	641	464	1,755	2,154	-19%
Passage & Leave	3,844	4,209	3,886	4,209	-8%
Compensation & Ex-gratia	-	53	-	53	
Staff Counselling & support services	-	-	-	-	
	151,494	144,316	427,656	423,756	1%

Notes

- PE costs stagnated due to delayed replacement of staff.
- Reduced overtime as the organisation engaged casuals and interns through PSC to reduce workload.
- There were decrease in transfers during the period compared to the previous year.

- No staff undertook counselling services in the third Quarter of Financial Year 2022/23

4. Board Expenses

	Quarter		Year to Date		
	QT 3 2022/23	QT 3 2021/2022	QT 3 2022/23	QT 3 2021/2022	% Change
	Shs '000'	Shs '000'	Shs '000'	Shs '000'	
Medical expenses	700	-	867	-	700
Expenditure of Board committees & Seminars	5,042	5,157	21,414	16,565	5,042
Fees commission & Honoraria	261	261	749	783	261
	5,703	10,981	18,697	24,823	-25%

Board expenditure on committees and seminars was lower by 25% in the 9-month period ending March 2022 compared to the prior year because of decreased membership experienced in Q2.

5. Depreciation and Amortization

	9 Months			Comments
	2022/23	2021/22	% Change	
	Shs '000'	Shs '000'		
Depreciation and amortization	64,845	71,168		Current sinking fund

6. Repairs and Maintenance

	Quarter to Quarter		Year to Date		
	QT 3 2022/23	QT 3 2021/22	QT 3 2022/23	QT 3 2021/22	
Maintenance of Motor Vehicle	6,671	8,066	22,432	26,991	-17%
Maintenance of Plant Machinery & Equipment	1,853	1,002	13,702	10,527	30%
Maintenance of Buildings and stations	3,906	6,862	9,490	16,312	-42%

	12,430	15,930	45,624	53,830	-15%
--	---------------	---------------	---------------	---------------	-------------

Repairs and maintenance costs reduced by 15% overall due to reduced maintenance of Buildings and stations in FY 2022/23.

7. Grants and subsidies

	Quarter		Year to Date	
	QT 3 2022/23	QT 3 2021/2022	QT 3 2022/23	QT 3 2021/2022
	Kshs 000	Ksh 000	Kshs 000	Kshs 000
Public contributions and donations				
Project grant COPE	3,334	1,714	5,859	9,854
COMESA/RIIP	6,720	25	9,241	8,872
CABI- Papaya Mealy Bug	852	-	852	-
CIP Pre-Basic revolving Fund	-	-	-	-
Natural History Museum	-	-	-	-
USAID foodscap	-	-	1,973	339
	10,906	1,739	17,924	19,781

Grants and subsidies expenditure reduced from 19.7 million to 17.9 million due to reduced donor funding.

8. General Expenses

	Quarter		Year to Date		
	QT 3 2022/23	QT 3 2021/2022	QT 3 2022/23	QT 3 2021/2022	% Change
Electricity	4,543	4,823	11,917	14,378	-17%
Water & Conservancy	65	77	314	709	-56%
Telephone	1,184	999	3,004	3,262	-8%
Postal & Courier	900	780	3,056	3,588	-15%
Internet Services	3,857	4,710	10,787	13,250	-19%
Local travel	53,935	66,264	138,238	181,426	-24%
External Travel	3,056	4,523	12,405	13,007	-5%
Publishing & printing	26,977	16,546	76,442	47,660	60%
Advertising & publicity	604	764	1,846	2,158	-14%
Trade shows & Exhibitions	839	735	4,678	2,345	99%
Rents & Rates	880	3,755	6,314	7,891	-20%
Hire of transport	6	97	1,077	703	53%

	Quarter		Year to Date		
	QT 3 2022/23	QT 3 2021/2022	QT 3 2022/23	QT 3 2021/2022	% Change
Training (stakeholders)	460	1,293	602	2,291	-74%
Catering services	931	1,353	4,928	4,692	5%
Insurance premiums - vehicles & other assets	1,159	831	4,877	4,165	17%
Laboratory stores	5,175	9,788	25,963	34,536	-25%
Education & library	536	462	1,241	1,377	-10%
Uniform & clothing	235	530	2,844	1,692	68%
Supply of production	1,679	1,774	4,451	4,818	-8%
General office supplies	2,325	2,752	17,249	15,355	12%
Accessories for computers	6,039	10,098	25,862	33,062	-22%
Fuel & lubricants	6,623	7,996	26,702	20,809	28%
Bank Charges	383	1,144	1,139	3,335	-66%
Guards & cleaning services	7,476	7,554	22,879	22,878	0%
Contracted professional	5,052	1,906	9,042	8,170	11%
Others/Miscellaneous	161	380	246	603	-59%
Contribution to private and	300	1,770	1,765	3,435	-49%
Farmer demonstration &	7,039	7,491	23,152	23,686	-2%
Audit fees	-	961	961	1,922	
Corporate social responsibility	11	-	18	751	-98%
Training Expenses (staff)	624	1,903	4,916	10,335	-52%
Medical Expenses	8,893	13,008	48,258	39,141	23%
Staff life & accident	-	348	4,264	3,806	12%
	151,945	177,418	501,438	531,235	-6%

Notes:

There was a 6% reduction in general expenses. Expenditure in various lines is expected to even out as we progress on receipt of all invoices and expensing.

KENYA PLANT HEALTH INSPECTORATE SERVICE

STATEMENT OF FINANCIAL POSITION

		FY 2022/23	FY 2021/22	% increas e/Decli ne
	Note	March 2023	Prior Year	
Assets		Shs '000'	Shs '000'	
Current assets				
Cash and cash equivalents	1	28,244	23,721	19%
Receivables from exchange transactions	2	157,806	138,383	14%
Receivables from non-exchange	3	5,320	5,311	0%
Inventories		-	63,175	
Prepayments	4	120,593	55,784	116%
Total Current Assets		311,963	286,373	9%
Non-current assets				
Property, plant and equipment		1,030,672	1,072,583	-4%
Investments	5	60,000	60,000	0%
Long term receivables from exchange		-	-	
Total no - current assets		1,090,672	1,132,583	-4%
Total assets		1,402,634	1,418,956	-1%
Liabilities				
Current liabilities				
Trade and other payables from exchange	6	124,987	126,555	-1%
Provisions		7,693	7,693	0%
Deferred income	7	62,745	57,197	10%
Payments received in advance	8	7,009	9,474	-26%
Total current liabilities		202,434	200,920	1%
Net assets				
Reserves		1,218,036	1,288,560	-5%
Accumulated surplus		(17,836)	(70,524)	-75%
Total net assets		1,200,200	1,218,036	-1%
Total net assets and liabilities		1,402,634	1,418,956	-1%

Current Ratio

1.54

1.43

Quick Ratio**1.54****1.11**

- a) Total assets reduced by 1% (depreciation and acquisitions difference), total current Liabilities increased by 1%. The total net worth of the organization (net assets and liabilities) reduced by 1% to 1.40 Billion.
- b) Trade receivables increased by 14% caused by Invoices generated at the end of the quarter amounting to Kshs 27 million from JKIA office. Trade payables reduced by 1% from 127 to 125 million.
- c) Liquidity improved marginally compared to FY 2021/22.

Statement of Cashflows

	2021-2022	2021-2022
	Kshs '000'	Kshs '000'
Cash flows from operating activities		
Receipts		
Public contributions and donations	23,472	22,611
Transfers from other governments–gifts and services-in-kind	105,667	160,500
Rendering of services	932,762	1,250,270
Hire of Facilities	4,091	6,282
Finance income-external investments	-	155
Other income	126	2,766
Total Receipts	1,066,117	1,442,584
Payments		
Employee costs	427,656	654,217
Board Expenses	23,031	23,847
Repairs and maintenance	45,624	70,538
Grants and subsidies	17,924	25,288
General expenses	501,438	662,862
Remission to National Treasury		
Total Payments	1,015,673	1,436,752
Net cash flows from operating activities	50,444	5,832
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	(24,178)	(50,914)
Proceeds from sale of property, plant and Equipment	892	482
Decrease/(increase) in current receivables	(19,433)	(21,197)
Decrease/(increase) inventories	63,175	(37,249)
Decrease/(Increase) in prepayments	(64,809)	17,084
(Decrease)/Increase in payables	(1,568)	12,597
(Decrease)/Increase Payment received in advance	(2,465)	833
Net cash flows used in investing activities	(45,921)	(78,363)
Cash flows from financing activities		
Proceeds from borrowings	-	-
Net cash flows used in financing activities		
Net increase/(decrease) in cash and cash equivalents	4,524	(72,531)
Cash and cash equivalents at 30 June 2022	23,721	96,252
Cash and cash equivalents at 31st March 2023	28,244	23,721
Per Financial Statements	28,244	23,721

1. Cash and Cash Equivalent

	2022/23	June 2022	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Cash and Cash Equivalent	28,244	23,721	19%

- Marginal improvement noted. Cash in hand is below monthly requirement of KShs. 120million

2. Receivables

	2022/23	June 2022	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Accounts receivables	182,488	163,064	12%
Less Impairment Allowance	24,682	24,682	0%
Total Receivables from	157,806	138,383	14%

Aged Analysis

March 2023

0-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
KShs	KShs	KShs	KShs	KShs
55,147,026	35,377,389	15,387,113	76,576,330	182,487,860
30%	19%	8%	42%	100%

December 2022

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 42 % of the total receivables' portfolio compared to 45% in Q2. There is need for change of policy from credit to prepayment for all services.

3. Receivables from Non-Exchange Transactions

	2022/23	June 2022	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Staff Advance	63	36	
Interest receivable	2,099	2,099	
Medical Advance	3,158	3,176	
Total Prepayment	5,320	5,311	0%

4. Prepayments

	2022/23	June 2022	
	Period	Period	% Change
	Shs '000'	Shs '000'	
Prepayment to suppliers	10,752	43,008	
Travel Imprest	99,174	10,666	
Deposits to suppliers	10,666	2,109	
Total Prepayment	120,593	55,784	116%

Increased travel imprest due to disbursements to regions and ongoing activities by staff at the region and the headquarters.

5. Investments

	2022/23	June 2022	
	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	86,506	94,789	
Sundry creditors	28,509	31,048	
Others-VAT and Tax Liability	9,971	717	
	124,987	126,555	-1%

Aged Analysis

0-30 Days	31-60 Days	61-90 Days	Over 90 Days	TOTAL
KShs	KShs	KShs	KShs	KShs
49,400,969	9,329,502	4,498,559	25,964,781	89,193,811
55%	10%	5%	29%	100%

7. Deferred Income

	B/forward	Receipts	Expenditure	Carried Forward
	Shs '000'	Shs '000'	Shs '000'	Shs '000'
Deferred Income	57,197,478	23,471,530	17,923,896	62,745,111

Payments Received in advance

	2022/23	June 2021/22	% Change
	Sh"000"	Sh"000"	
Payments received in advance	7,009	8,641	-19%

STATEMENT OF BUDGET -RECURRENT

	Original Annual Budget	Revised Annual Budget	9 Month Revised Budget	Actual as at 31 st March 2023	Variance	%	Explan ation of materi al varian ces
	Shs "000"	Shs "000"	Shs "000"	Shs"000"	Shs "000"		
Revenue							
Public contributions and donations	30,750	30,750	23,063	17,924	(5,139)	-22%	(a)
Transfers from other governments–gifts	160,500	160,500	112,875	105,667	(7,208)	-6%	
Rendering of services	1,355,842	1,355,842	1,016,882	932,762	(84,119)	-8%	
Other income	4,908	4,908	3,681	5,109	1,428	39%	(b)
Total income	1,552,000	1,552,000	1,156,500	1,061,461	(95,039)	-8%	
Expenses							
Employee costs	728,100	636,407	477,305	427,656	49,649	10%	(c)
Board Expenses	30,000	30,000	22,500	23,031	(531)	-2%	
Depreciation	69,036	86,460	64,845	64,845	-	0%	
Repairs and maintenance	60,924	65,058	48,793	45,624	3,169	6%	
Grants and subsidies	30,750	30,750	23,063	17,924	5,139	22%	(e)
General expenses	633,190	693,325	519,994	501,438	18,556	4%	(f)
Total expenditure	1,552,000	1,552,000	1,156,500	1,080,518	75,983	7%	
				1,221	-		
Surplus for the period		-	-	(17,836)	(19,056)		

Explanation of material variance

- Public contributions and donations** – Reduced Donor grants
- Other income**- Increased demand for conference and accommodation facilities.
- Employee costs** – 10% savings on budget due to delayed hiring of required staff.
- Grants and subsidies** – Reduced donor grants in the period

9. STATEMENT OF BUDGET –CAPITAL

Project in Order of Priority and Justification		Initial Budget 2022/23	Revised Budget 2022/23	Expenditure 31 st March 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	2,000	-	KEPHIS
2	Office equipment and Furniture	5,000	4,000	5,027	
3	Plant and Machinery	12,000	6,000	3,116	
4	Purchase / Replacement of Motor Vehicles	15,000	10,000	-	
5	Specialized ICT Security, Architecture, System Software and Equipment	13,000	22,000	13,222	
6	Upgrade of ERP System	15,000	18,000	5,021	
7	Upgrading of Laboratories	10,536	10,536	1,568	
TOTAL		72,536	72,536	27,954	
SOURCES OF FUNDS FOR THE CAPITAL BUDGET.					
1	A-I-A - Retained Earnings	72,536	72,536	27,954	
2	Previous Years				
3	Government Grants - Development				
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		

- Implementation of Capital budget continue to trail the budget due to underperformance against revenue projections.