

Mr. Speaker

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**annual
accounts
for the year
ended
31st March
1990**

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ADC Hybrid Seed Maize



ADC Pedigree Friesian Dairy Cattle

AGRICULTURAL DEVELOPMENT CORPORATION

ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1989

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KENYA NATIONAL ASSEMBLY

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AGRICULTURAL DEVELOPMENT CORPORATION

CHAIRMAN'S REPORT

The Minister of State,
Office of the President,
NAIROBI.

Dear Sir,

ADC'S 1989/90 ANNUAL REPORT AND ACCOUNTS

On behalf of the members of the Board, I am pleased to present the report and audited accounts for the year ended 31st March, 1990. During the year the Corporation achieved an operating profit from its farming operations amounting to Shs. 46,096 million compared to Shs. 57,332 million realised in the previous year.

Against a background of uncertain weather inherent with farming as an enterprise, the matching of costs and revenue was controllably applied where administration expenses for 1989/90 decreased from Shs. 37.662 m. to Shs. 35.276 m. The level of depreciation at Shs. 28.942 m. matched the level of Capital acquisition during the year while interest payable went down to Shs. 8.709 m. from Shs. 9.076 m.

Taken together the Corporation registered a net loss for the year amounting to Shs. 7.136 m. compared to a profit of Shs. 8.705 m. in 1988/89.

The Corporation's net current assets rose by Shs. 51,814,000 from Shs. 199,627.00 in 1988/89 to Shs. 251,441,000 in 1989/90. The current assets rose from Shs. 410,838,000 to Shs. 460,138,000.

The results for the year under review though not as had been anticipated were achieved under very unfavourable costs variance conditions due to global price increases in Agricultural inputs and pest infestation and unfavourable weather conditions during germination and harvesting.

It is fair to state that farming being mainly dependent on weather is full of probability which in most cases leave the farmer in a no win situation. Too much rain at the wrongtime, say harvesting, ruins a nice crop whereas no rain at the critical planting time also affects germination.

This is despite having incurred costs on inputs. These difficult conditions are compounded when considered against a background of hard inflationary trends.

My Board is, however, confident that with continued commitment and devotion to work as has been amply demonstrated by the staff, the Corporation will grow from strength to strength in its endeavour to promote agriculture in this Country as stipulated under Chapter 444 on whose premisses A.D.C. is incorporated.

Yours faithfully,

D. MWANDIA,
Chairman.

AGRICULTURAL DEVELOPMENT CORPORATION

REPORT OF THE DIRECTORS

The directors submit their report and audited accounts for the year ended 31st March, 1990, which show the state of the Corporation's affairs.

1. PRINCIPAL ACTIVITY

The Corporation's principal activity is the development of agriculture in Kenya.

2. LEGAL STATUS

The Corporation was formed through an Act of Parliament, referred to as the Agricultural Development Corporation Act, No. 7 of 1965.

3. EQUITY

During the year the Corporation received grants as follows:—

	<i>KShs. '000s</i>
Kenya Government	74,576

4. RESULTS

The loss for the year amounted to KShs. 7,136,000/- which comprises:—

	<i>KShs. '000s</i>
Profit attributable to Lands Ltd.	8,611
Loss attributable to A.D.C.	(15,747)
	(7,136)

The directors propose to carry forward the Corporation's retained reserves of KShs. 90,259,000.

5. DIRECTORS

The board of directors comprises:—

Mr. M. D. Mwandia	— Chairman
Mr. L. R. Ndungi	— Vice-Chairman
Mr. W. K. Kilele	— Managing Director
Mr. J. J. Mvoya	
Mr. F. K. Thuku	
Mr. J. P. Obonyo	
Mr. J. T. Carr	
Dr. H. Maritim	
Prof. R. S. Odingo	
Permanent Secretary	— Office of the President
Permanent Secretary	— Treasury
Permanent Secretary	— Ministry of Agriculture
Permanent Secretary	— Ministry of Livestock

6. AUDITORS

The Auditor-General (Corporations) will continue auditing the Corporation, under the powers vested in him by the Exchequer and Audit (Amendment) Act (Cap. 412).

By Order of the Board.

J. D. OTIENO (MISS),

Corporation Secretary.

17th November, 1990.

AGRICULTURAL DEVELOPMENT CORPORATION

CROP PERFORMANCE 1989/90

1. SEED MAIZE

A total of 2,150.7 ha. was devoted to seed maize during the year. It consisted of 2,075.5 ha. for hybrid and 75.2 ha. for Katumaini Seed. The total area was 31.5 ha. lower than the previous year. The total production was 8,434,665 kg. with an average production per hectare of 3,921.8 kg. of clean seed. The production per hectare was 362.2 kg. less than previous year. The low yield was experienced due to rat damage during planting time which led to lower plant population. Low yield is also attributed to rain at harvesting which damaged the crop.

2. COMMERCIAL MAIZE

The area under commercial maize was 2,080.4 ha. The average yield realised was 59×90 kg. bags per ha. The area under commercial maize rose by 671.5 ha. compared to previous year because more land was available after the area budgeted for seed maize was reduced.

3. WHEAT

The breakdown in area of land devoted to wheat was as follows:—

Seed wheat	1,000.3 ha.
Commercial wheat	2,917.5 ha.

The total area was 3,917.8 ha. A total of $24,778 \times 90$ kg. bags of seed wheat was produced. For commercial wheat a total of $68,282 \times 90$ kg. bags were produced. The average production was 24.7×90 kg. bags for seed wheat and 23.4×90 kg. bags for commercial wheat.

4. OATS

A total of 131.1 ha. was planted with oats. The distribution was:—

Seed oats	47.1 ha.
Commercial oats	84.0 ha.

The total production was $2,748 \times 70$ kg. bags. The average production was 20.9×70 kg. bags per ha.

5. SUNFLOWER

The total area under sunflower was 236.1 ha. of which 128.5 ha. was on commercial and 107.6 ha. was on seed. Total production for commercial was 129,255 kg. The average production was 1,006 kg. per ha. Total production for seed was 104,805 kg. giving an average production of 974 kg. per ha.

6. SUGARCANE

The area of cane harvested during the year was 630 ha. This was 145.1 ha. higher than the previous year. The realised production was 69.180 metric tons. The average yield being 110 tons/ha. There was an increment in yield by 10.4 tons/ha. from the previous year.

7. HORTICULTURE

The main horticulture units are Garissa Irrigation Project, Suam and Updown. Other units also grew horticultural crops. A total of 42.6 ha. went to citrus producing 966.9 tons. 28.4 ha. went to Bananas producing 54.8 tons. A total of 34.2 ha. went to mangoes producing upto 27.6 tons. Updown on 3.0 ha. produced upto 11.0 tons of passion fruit. The Corporation had 12.9 ha. of vegetables which realised upto 115.3 tons. Soya beans was planted on 100.9 ha. producing 806.6×90 kg. bags.

8. SEED POTATOES

There was an increase in the area under seed potatoes from 103 ha. the previous year to 127.3 ha. The total production realised was $43,213 \times 50$ kg. bags.

9. GRASS SEED

A total of 74,243 kg. of grass seed was harvested from 809.2 ha.

AGRICULTURAL DEVELOPMENT CORPORATION

CROP PERFORMANCE 1989/90 (Continued)

Below is a summary of the performance of the crops during the year.

<i>Crop</i>	<i>Area (Ha.)</i>	<i>Total Production</i>	<i>Average Production</i>
Seed Maize	2,150.7	8,434,665 kg.	3,921.8 kg.
Commercial Maize	2,080.4	121,855 × 90 kg. bag	58.6 × 90 kg. bag
Seed Wheat	1,000.3 ha.	24,778 × 90 kg bag	24.7 × 90 kg. bag
Commercial Wheat	2,917.5 ha.	68,282 × 90 kg. bag	23.4 × 90 kg. bag
Commercial Oats	84.0 ha.	1,955 × 70 kg. bag	23.2 × 70 kg. bag
Seed Oats	47.1 ha.	793 × 70 kg. bag	16.8 × 70 kg. bag
Seed Sunflower	107.6 ha.	104,805	974.0 kg.
Commercial Sunflower	128.5 ha.	129,255 kg.	1.006 kg.
Barley	345.6 ha.	7,740 × 80 kg. bag	22 × 80 kg. bag
Grass Seed	809.2 ha.	74,243 kg.	91.7 kg.
Sugarcane	630 ha.	69,180 tons	110 tons
Tree Crops	208.6 ha.	1,138.7 tons	5.5 tons
Flower	5.7 ha.	2,023,574 stems	355,012 stems
Seed Potatoes	127.3 ha.	43,213 × 50 kg. bag	339 × 50 kg. bag

10. LIVESTOCK PERFORMANCE

The Corporation has pure breeds of various dairy cows. In addition to this there is Cross-breeding to cater for the different ecological zones in the country. A total of 629 dairy cows were sold as breeding stock to farmers.

A total of 4,788 steers and Immatures were sold. In the same beef category, 501 breeding stock were sold. The flock of sheep numbered 15,127. The Corporation sold 3,379 as fat lamb, 1,693 were sold as culls and 132 as breeding stock. The goat herd numbered 1,626 of which 96 were sold as weathers and 111 as culls. The total milk production during 1989/90 was 11.3 million litres. Closure of Kiswani piggery has resulted into the low number of pigs for 1989/90.

The summary of livestock performance is given below. The figures represent the total number of animals in each category.

	<i>1988/89</i>	<i>1989/90</i>
Dairy	8,155	8,127
Beef	46,145	61,602
Sheep	13,651	15,127
Goats	1,919	1,626
Pigs	792	680

MILK PRODUCTION IN LITRES

<i>YEAR</i>	<i>1988/89</i>	<i>1989/90</i>
PRODUCTION	10,219,679	11,309,787

AGRICULTURAL DEVELOPMENT CORPORATION

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE CONSOLIDATED ACCOUNTS OF AGRICULTURAL DEVELOPMENT CORPORATION AND ITS SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH, 1990

I have examined the consolidated Balance Sheet of the Agricultural Development Corporation and its subsidiary, Lands Limited, as at 31st March, 1990, Profit and Loss Account and Statement of Changes in financial position for the year then ended in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap. 412). I have obtained all the information and explanations that I have required for the purpose of the audit. Proper books of account have been kept and the Financial Statements, which have been prepared under the historical cost convention are in agreement therewith and comply with the Agricultural Development Corporation Act, (Cap. 444).

Except for the matters referred to herebelow, in my opinion, the accounts when read together with the notes thereon, give a true and fair view of the state of affairs of the Corporation and its wholly owned subsidiary, Lands Limited as at 31st March 1990 and the loss and changes in the financial position of the group for the year ended on that date.

1. GARISSA IRRIGATION PROJECT

The Garissa Irrigation Project continues to make losses as in the previous years. During the year under review, the Project made a loss amounting to Kshs. 2,996,293.00 (1988/89 — Kshs. 4,124,546.00) thereby bringing the cumulative losses of the Project to Kshs. 57,794,180.00 as at 31st March, 1990. The total grants of Kshs. 53,798,000.00 received from Government for the project as at 31st March, 1990, in addition to Kshs. 15,782,715 provided by Agricultural Development Corporation have, therefore, been utilized to finance the losses so far incurred on the project. I understand, however, that the Government has accepted the Corporation's proposals for intensive Dairy System as an enterprise in the Project and further grants have been provided in 1990/91 estimates. However, until these proposals succeed the viability of the project is in doubt.

2. KULALU RANCH

The Kulalu Ranch continues to make losses as in the previous years. During the year under review, the Ranch made a loss of Kshs. 12,548,971.00 (1988/89 Kshs. 6,535,664.00), thereby bringing the cumulative losses of the Ranch to Kshs. 27,318,303.00 as at 31st March, 1990. As reflected in the accounts, the losses would appear to be attributed to mainly foreign exchange losses and interest charges amounting to Kshs. 5,958,072.00 and Kshs. 3,823,942.00 respectively on the Commonwealth Development Corporation's loans of £Stg. 1.2 million.

A. J. OKOTH,
Auditor-General (Corporations).

21st January, 1991.

AGRICULTURAL DEVELOPMENT CORPORATION

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 1990

	Notes	1990 KShs. '000s	1989 KShs. '000s
GRANTS	7	666,176	591,600
RESERVES	8	12,775	12,775
CONSOLIDATED PROFIT AND LOSS ACCOUNT		<u>90,259</u>	<u>97,395</u>
		769,210	701,770
LOANS	12	<u>90,377</u>	<u>44,877</u>
		<u>859,587</u>	<u>746,647</u>
FIXED ASSETS	2a	297,186	245,045
CAPITAL WORK IN PROGRESS	2c	8,281	4,399
INVESTMENTS Per Schedule (Page 20-21)	5	255,617	255,617
LOANS (Secured)		12,247	10,749
ADVANCES TO KULALU RANCH		12,706	13,326
LOAN TO NON-CONSOLIDATED SUBSIDIARY	3	6,426	6,426
ADVANCES TO GARISSA PROJECT	9	<u>15,783</u>	<u>11,458</u>
		<u>608,146</u>	<u>547,020</u>
CURRENT ASSETS			
Debtors		150,833	149,758
Livestock	1	183,272	119,058
Crops and cultivation	1	60,495	62,764
Stores	1	63,230	62,738
Short term investments		—	15,000
Cash and bank balances		<u>2,306</u>	<u>1,520</u>
		<u>460,136</u>	<u>410,838</u>
CURRENT LIABILITIES			
Creditors		100,177	97,880
Provisions for interest payable		14,105	12,874
Deposits refundable		4,872	5,225
Loans payable within one year	12	47,499	39,989
Bank overdraft	13	<u>42,042</u>	<u>55,243</u>
		<u>208,695</u>	<u>211,211</u>
NET CURRENT ASSETS		<u>251,441</u>	<u>199,627</u>
		<u>859,587</u>	<u>746,647</u>

These accounts were approved by the Board of Directors on 17th November, 1990.

D. MWANDIA))	
))	Directors
))	
W. K. KILELE))	

AGRICULTURAL DEVELOPMENT CORPORATION

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1990

	<u>Notes</u>	<u>1990</u> <u>KShs. '000s</u>	<u>1989</u> <u>KShs. '000s</u>
PROFIT ON FARMING OPERATIONS (exclusive of depreciation, rent and interest payable and provision for doubtful debts)		46,096	57,332
RENT RECEIVABLE			
Tenant farmers		178	195
Other properties		5,714	5,773
		<u>5,892</u>	<u>5,968</u>
INTEREST AND DIVIDENDS RECEIVABLE		5,822	7,021
MISCELLANEOUS INCOME		139	117
MANAGEMENT FEES		240	240
		<u>6,201</u>	<u>7,378</u>
		<u>58,189</u>	<u>70,678</u>
BOARD MEMBERS ALLOWANCES		45	48
ADMINISTRATION EXPENSES		35,276	37,662
DEPRECIATION	2a	28,942	22,724
PROVISION FOR DOUBTFUL DEBTS		—	7,319
		<u>64,263</u>	<u>67,763</u>
INTEREST PAYABLE			
Loans		4,616	6,025
Bank overdraft		4,093	3,051
		<u>8,709</u>	<u>9,076</u>
		<u>72,972</u>	<u>76,839</u>
NET OPERATING LOSS FOR THE YEAR		(14,783)	(6,161)
PROFIT ON SALE OF FIXED ASSETS		7,647	9,390
PROFIT ON SALE OF INVESTMENT		—	5,476
TAXATION	4	—	—
		<u>(7,136)</u>	<u>8,705</u>
NET (LOSS)/PROFIT FOR THE YEAR			
STATEMENT OF RETAINED PROFIT			
NET (LOSS)/PROFIT FOR THE YEAR		(7,136)	8,705
RETAINED PROFIT BROUGHT FORWARD		<u>97,395</u>	<u>88,690</u>
RETAINED PROFIT CARRIED FORWARD		<u>90,259</u>	<u>97,395</u>

AGRICULTURAL DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31ST MARCH, 1990

	1990	1989
	<u>KShs. '000s</u>	<u>KShs. '000s</u>
SOURCE OF FUNDS		
(Loss)/profit for the year	(7,136)	8,705
Adjustment for items not involving the movement of funds :—		
Profit on sale of investments	—	(5,476)
Profit on sale of fixed assets	(7,647)	(9,390)
Depreciation	<u>28,942</u>	<u>22,724</u>
TOTAL FUNDS GENERATED FROM OPERATIONS	14,159	16,563
FUNDS FROM OTHER SOURCES		
Loans received	75,000	—
Grants received	74,576	68,874
Advance from Kulalu Ranch	620	141
Proceeds from sale of fixed assets	93,984	14,832
Sale of investments	—	6,740
	<u>244,180</u>	<u>90,587</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	167,420	44,193
Capital work in progress	3,882	4,399
Purchase of investments	—	36
Advances to Garissa Project	4,325	1,921
Loan repayments	29,500	43,123
Loans advanced	<u>1,398</u>	<u>1,744</u>
	<u>206,525</u>	<u>95,416</u>
MOVEMENT IN WORKING CAPITAL	<u>51,814</u>	<u>11,734</u>
REPRESENTED BY:—		
Increase in debtors	1,075	27,590
(Decrease)/increase in short term investment	(15,000)	15,000
Increase in livestock	64,214	425
(Decrease)/Increase in crops and cultivation	(2,269)	11,687
Increase in stores	492	12,958
Increase in creditors	(2,297)	(17,826)
Increase in loans payable within one year	(7,510)	(21,989)
(Increase)/decrease in interest payable	(1,231)	2,303
Decrease/(increase) in deposits refundable	353	(1,021))
	<u>37,827</u>	<u>29,127</u>
Movement in net liquid funds:—		
Decrease/(increase) in cash and bank balances	786	(243)
Decrease/(increase) in bank overdrafts	<u>13,201</u>	<u>(17,150)</u>
	<u>13,987</u>	<u>(17,393)</u>
	<u>51,814</u>	<u>11,734</u>

AGRICULTURAL DEVELOPMENT CORPORATION

BALANCE SHEET AS AT 31ST MARCH, 1990

	<u>Notes</u>	<u>1990</u> KShs. '000s	<u>1989</u> KShs. '000s
GRANTS	7	641,986	567,320
REVENUE RESERVES (Page 16)		88,877	104,624
LOANS	12	<u>90,377</u>	<u>44,877</u>
		<u>821,150</u>	<u>716,821</u>
FIXED ASSETS	2b	239,119	105,263
CAPITAL WORK IN PROGRESS	2c	8,281	4,399
INVESTMENTS — Per Schedule (Page 20)	5	255,617	255,617
ADVANCES TO KULALU RANCH		12,706	13,326
LOAN TO NON-CONSOLIDATED SUBSIDIARY	3	6,426	6,426
ADVANCES TO GARISSA PROJECT	9	<u>15,783</u>	<u>11,458</u>
		<u>537,932</u>	<u>396,489</u>
SUBSIDIARY COMPANY — LANDS LIMITED			
1,000 ordinary shares of KShs. 20 each		20	20
Grant to Subsidiary		<u>31,414</u>	<u>31,414</u>
		<u>31,434</u>	<u>31,434</u>
CURRENT ASSETS			
Debtors		139,548	139,423
Livestock	1	183,272	119,058
Crops and cultivation	1	60,495	62,764
Stores	1	63,230	62,738
Current account — Lands Limited		6,616	92,524
Short term investments		—	15,000
Cash and bank balances		<u>1,738</u>	<u>978</u>
		<u>454,899</u>	<u>492,485</u>
CURRENT LIABILITIES			
Creditors and accruals		99,469	95,481
Provisions for interest payable		14,105	12,874
Loans payable within one year	12	47,499	39,989
Bank overdraft	13	<u>42,042</u>	<u>55,243</u>
		<u>203,115</u>	<u>203,587</u>
NET CURRENT ASSETS		<u>251,784</u>	<u>288,898</u>
		<u>821,150</u>	<u>716,821</u>

These accounts approved by the Board of Directors on 17th November, 1990.

D. MWANDIA)	
)	
)	Directors
W. K. KILELE)	
)	

AGRICULTURAL DEVELOPMENT CORPORATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1990

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention.

DEPRECIATION

Depreciation has been charged on the net book value of fixed assets at the following rates:—

Land	Nil
Buildings	5% p.a.
Fencing and water supply	10% p.a.
Furniture and equipment	20% p.a.
Motor vehicles and tractors	25% p.a.
Permanent improvements in subsidiary company	2.5% p.a.
Farm equipment and machinery	20% p.a.
Small tools	50% p.a.
Land reclamation and drainage	20% p.a.

DIVIDENDS RECEIVABLE

Dividends receivable from investments are accounted for when received or declared within 30 days of the year end.

STOCKS

Livestock has been inspected and valued by the Corporation's officials on the basis of the lower of cost and net realisable value.

Standing crops and cultivation have been valued on the basis of cost incurred, with the exception of growing sugar cane which has been included at an average cost of KShs. 7,563 (1989 — KShs. 9,256) per hectare dependent upon the age and condition of the crop. Cost includes direct expenses plus a proportion of overheads.

Stores are stated at cost which comprises the direct cost of purchase.

(a) FIXED ASSETS — AGRICULTURAL DEVELOPMENT CORPORATION AND ITS SUBSIDIARY

COST	At 1.4.1989	Additions	Disposals	At 31.3.1990
	<u>KShs.'000s</u>	<u>KShs.'000s</u>	<u>KShs.'000s</u>	<u>KShs.'000s</u>
ADC Farms	—	81,356	139	81,217
Farms leased	2,689	—	243	2,446
Farms with ADC	137,120	—	81,427	55,693
Buildings	36,233	25,708	194	61,747
Fencing and water supply	29,342	22,420	1,014	50,748
Farm equipment and machinery	59,281	12,281	1,592	69,970
Furniture and equipment	10,897	1,404	111	12,190
Motor vehicles and tractors	86,014	23,536	9,214	100,336
Small tools	1,054	292	50	1,296
Land reclamation and drainage	2,417	423	—	2,840
	<u>365,047</u>	<u>167,420</u>	<u>93,984</u>	<u>438,483</u>

AGRICULTURAL DEVELOPMENT CORPORATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1990 *(Continued)*

DEPRECIATION	At 1.4.1989	Charge for	Eliminated	At 31.3.1990
	<u>KShs.'000s</u>	the year	on	<u>KShs.'000s</u>
		<u>KShs.'000s</u>	disposals	
			<u>KShs.'000s</u>	
Farm leased	299	9	33	275
Buildings	11,817	2,499	44	14,272
Fencing and water supply	12,517	3,830	63	16,284
Farm equipment and machinery	35,261	7,146	1,021	41,386
Furniture and equipment	6,197	1,216	89	7,324
Motor vehicles and tractors	52,145	13,639	6,365	59,419
Small tools	917	205	31	1,091
Land reclamation and drainage	849	398	—	1,247
	<u>120,002</u>	<u>28,942</u>	<u>7,646</u>	<u>141,298</u>

NET BOOK VALUE	At 31.3.1989	At 31.3.1990
	<u>KShs.'000s</u>	<u>KShs.'000s</u>
ADC Farms	—	81,217
Farms leased	2,390	2,171
Farms with ADC	137,120	55,693
Buildings	24,416	47,475
Fencing and water supply	16,825	34,464
Farm equipment and machinery	24,020	28,584
Furniture and equipment	4,700	4,866
Motor vehicles and tractors	33,869	40,917
Small tools	137	205
Land reclamation and drainage	1,568	1,593
	<u>245,045</u>	<u>297,185</u>

2. (b) FIXED ASSETS — AGRICULTURAL DEVELOPMENT CORPORATION

COST	At 1.4.1989	Additions	Disposals	At 31.3.1990
	<u>KShs.'000s</u>	<u>KShs.'000s</u>	<u>KShs.'000s</u>	<u>KShs.'000s</u>
Land	—	81,217	—	81,217
Buildings	36,233	25,708	194	61,747
Fencing and water supply	29,342	22,420	1,014	50,748
Farm equipment and machinery	59,281	12,281	1,592	69,970
Furniture and equipment	10,897	1,404	111	12,190
Motor vehicles and tractors	85,650	23,536	9,214	99,972
Small tools	1,054	292	50	1,296
Land reclamation and drainage	2,417	423	—	2,840
	<u>224,874</u>	<u>167,281</u>	<u>12,175</u>	<u>379,980</u>

DEPRECIATION	At 1.4.1989	Change for	Eliminated	At 31.3.1990
	<u>KShs.'000s</u>	the year	on	<u>KShs.'000s</u>
		<u>KShs.'000s</u>	disposals	
			<u>KShs.'000s</u>	
Land	—	—	—	—
Buildings	11,816	2,499	44	14,271
Fencing and water supply	12,517	3,830	63	16,284
Farm equipment and machinery	35,261	7,146	1,021	41,386
Furniture and equipment	6,197	1,216	89	7,324
Motor vehicles and tractors	52,054	13,571	6,365	59,260
Small tools	917	205	31	1,091
Land reclamation and drainage	849	398	—	1,247
	<u>119,611</u>	<u>28,865</u>	<u>7,613</u>	<u>140,863</u>

AGRICULTURAL DEVELOPMENT CORPORATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1990 (Continued)

NET BOOK VALUE	At 31.3.1989 <u>KShs. '000s</u>	At 31.3.1990 <u>KShs. '000s</u>
Land	—	81,217
Buildings	24,417	47,476
Fencing and water supply	16,825	34,464
Farm equipment and machinery	24,020	28,584
Furniture and equipment	4,700	4,866
Motor vehicles and tractors	33,596	40,712
Small tools	137	203
Land reclamation and drainage	1,568	1,593
	<u>105,263</u>	<u>239,117</u>

2. (c) CAPITAL WORK IN PROGRESS

Capital work in progress represents buildings under construction.

3. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated accounts comprise the accounts of the Agricultural Development Corporation and its wholly owned subsidiary Lands Limited. They do not include the accounts of Chemelil Sugar Company Limited, East African Sugar Industries Limited and Kenya Seed Company Limited which are subsidiaries of the Corporation. The Corporation has no control in the management of the non-consolidated subsidiaries.

The loan of KShs. 6,426,000 is to Chemelil Sugar Company Limited.

4. TAXATION

There is no tax liability arising because the Corporation has been exempted from taxation according to Kenya Gazette Supplement Number 25, Legal Notice No. 59 of 21st April, 1986.

5. INVESTMENTS

Investments are stated at cost. No provision has been made in these accounts against the cost of the following investments in companies which have accumulated losses except for investments as indicated with an asterisk.*

<u>Investment</u>	<u>Date of most recent audited accounts</u>	<u>Equity erosion</u>	<u>Potential diminution in value of ADC equity investment</u>	
			<u>1990</u> <u>KShs. '000s</u>	<u>1989</u> <u>KShs. '000s</u>
Chemelil Sugar Company Ltd.	30.06.88	0.5%	8,580	8,580
E.A. Sugar Industries Ltd.	30.06.88	100%	19,500	19,500
Agro-Chemical Food Corporation	30.06.89	100%	16,900	16,900
Hastings Irrigation Co. Ltd.	31.12.79	100%	* 1,488	* 1,488
Kenya Horse Stud Ltd.	31.07.84	100%	* 1,500	* 1,500
			<u>47,968</u>	<u>47,968</u>
Provision for diminution in value			* 2,988	* 2,988
			<u>44,980</u>	<u>44,980</u>

Investments in Chemelil Sugar Company Limited, E.A. Sugar Industries Limited, and KShs. 13,750,000 in Agro-Chemical Food Corporation were made from funds granted to the Corporation by the Kenya Government.

6. INTER-GROUP ITEMS

Rents:

The wholly owned subsidiary Lands Ltd. did not charge the Corporation rent for farms occupied during the year. The results of farms as disclosed in the financial statements do not therefore include any charge for rent.

AGRICULTURAL DEVELOPMENT CORPORATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1990 *(Continued)*

7. GRANTS

	1990	1989
	KShs. '000s	KShs. '000s
Government of Kenya	602,561	527,985
Dutch Government	16,132	16,132
British Government	47,483	47,483
Agricultural Development Corporation and Subsidiary	666,176	591,600
Grants attributable to subsidiary	(24,280)	(24,280)
	<u>641,896</u>	<u>567,320</u>

8. RESERVES

Reserves comprise the General Reserve Fund taken over from Agricultural Settlement Fund — 1976 net of Government Trust Fund on farms taken over from Agricultural Settlement Trust.

9. ADVANCES TO GARISSA PROJECT

	1990	1989
	KShs. '000s	KShs. '000s
Total expenditure by the Agricultural Development Corporation on the project	69,581	64,256
Total grants received from the Government for the project	(53,798)	(52,798)
	<u>15,783</u>	<u>11,458</u>

10. NET LOSS FOR THE YEAR

	GROUP		A.D.C.	
	1990	1989	1990	1989
	KShs. '000s	KShs. '000s	KShs. '000s	KShs. '000s
The net loss for the year is stated after charging:—				
Depreciation	28,942	22,724	28,865	22,713
Auditors' remuneration	601	601	541	541
Interest payable:—				
Loan	4,616	6,025	4,616	6,025
Bank overdraft and crediting:—	<u>4,093</u>	<u>3,051</u>	<u>4,093</u>	<u>3,051</u>
Profit on sale of fixed assets	7,647	9,390	193	196
Profit on sale of investments	<u>—</u>	<u>5,476</u>	<u>—</u>	<u>5,476</u>

11. CONTINGENT LIABILITIES

The Standard Bank PLC had issued guarantees in favour of the Corporation to the following parties:—

	<i>KShs. '000s</i>
Kenya Railways	100
Immigration Department	6
	<u>106</u>

12. LOANS

(1) AGRICULTURAL FINANCE CORPORATION

The purpose of this loan was to purchase farm machinery valued at K£900,000. The total loan is fully drawn and repayments were due from February 1984 at half-yearly instalments of K£12,281:—

Total due at 31st March, 1990	18,000	18,000
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(2) BARCLAYS BANK OF KENYA LTD.

The purpose of this loan was to purchase Ndabibi Farm and is repayable over five years by the Kenya Government

Total due at 31st March, 1990	<u>44,877</u>	<u>66,866</u>
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AGRICULTURAL DEVELOPMENT CORPORATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1990 *(Continued)*

(3) KENYA COMMERCIAL FINANCE CO. LTD.

The purpose of this loan was to purchase cattle on Galana Ranch and is repayable over five years by the Corporation.

Total due at 31st March, 1990	75,000	—
Less transferred to current liabilities	<u>47,499</u>	<u>39,989</u>
	<u>90,378</u>	<u>55,243</u>

13. BANK OVERDRAFT

Secured: ABN Bank	15,000	15,000
Unsecured: Standard Bank of Kenya	<u>27,042</u>	<u>40,243</u>
	<u>42,042</u>	<u>55,243</u>

The ABN Bank overdraft is secured on land owned by the subsidiary company, Lands Limited.

14. DIVIDENDS RECEIVABLE

No provision has been made for 6% cumulative shares dividends due from Chemilil Sugar Company Limited which amounted to KShs. 10,724,340 as at 30th June, 1988.

AGRICULTURAL DEVELOPMENT CORPORATION

SUMMARY OF PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1990

	1988/89 Results Profit/ (Loss) <u>KShs. '000s</u>	Balances at 1.4.1989 Profit/ (Loss) <u>KShs. '000s</u>	1989/90 Results Profit/ (Loss) <u>KShs. '000s</u>	Balances at 31.3.1990 Profit/ (Loss) <u>KShs. '000s</u>
ADC Farms (Page 17)	39,962	314,297	25,617	339,914
Machinery Pool	(6,275)	(16,150)	(1,284)	(17,434)
Kiswani Butchery	(1,057)	(5,456)	(996)	(6,452)
Potato Project	(284)	(16,559)	215	(16,344)
Manyagalo	(2,029)	(4,097)	(983)	(5,080)
Feedmill Drier	1,682	6,950	(3,273)	3,677
Tandorie	(200)	139	757	896
Liavo	(45)	96	—	96
Keldo	(1,062)	(1,018)	(1,542)	(2,560)
A.I. Centre	(18)	490	231	721
	<u>30,674</u>	<u>278,692</u>	<u>18,742</u>	<u>297,434</u>
HEAD OFFICE	<u>(27,015)</u>	<u>(174,068)</u>	<u>(34,489)</u>	<u>(208,557)</u>
	<u>3,639</u>	<u>104,624</u>	<u>(15,747)</u>	<u>88,877</u>

AGRICULTURAL DEVELOPMENT CORPORATION

FARM PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1990

	1988/89 Results Profit/ (Loss) KShs. '000s	Balances at 1.4.1989 Profit/ (Loss) KShs. '000s	1989/90 Results Profit/ (Loss) KShs. '000s	Balances at 31.3.1990 Profit/ (Loss) KShs. '000s
ADC FARMS				
Chepchoina	2,059	25,344	1,058	26,402
Chorlim	5,331	40,474	6,346	46,820
Jabali	(611)	(1,190)	552	(638)
Japata	2,368	32,608	3,777	36,385
Katuke	1,470	9,439	1,864	11,303
Kimwani	3,791	42,670	5,577	48,247
Kiswani Complex	(836)	(10,518)	395	(10,123)
Kipsingore	(50)	(1,978)	(66)	(2,044)
Mutara	43	38,006	3,858	41,864
Nai	2,234	22,880	237	23,117
Ngata	1,116	6,280	(6,966)	(686)
Namandala	2,283	19,429	802	20,231
Nyota	(448)	4,560	(2,262)	2,298
Ol Ngantongo	4,945	27,755	4,838	32,593
Ol Jorrai	815	18,746	(479)	18,267
Sabwani	7,074	39,301	5,935	45,236
Sirikwa	(1,905)	2,932	(740)	2,192
Tall Trées	52	(1,708)	(1,221)	(2,929)
Updown	(4,863)	(22,885)	(1,114)	(23,999)
Zea	4,335	30,027	4,562	34,589
Suam Orchards	(298)	(12,402)	(973)	(13,375)
Milimani	2,441	2,323	(1,769)	554
Ndabibi	8,858	14,121	8,156	22,277
Lanet Feedlot	(1,304)	(11,917)	(929)	(12,846)
Luoniek	—	—	(1,367)	(1,367)
Galana	—	—	(4,454)	(4,454)
	<u>39,962</u>	<u>314,297</u>	<u>25,617</u>	<u>339,914</u>

AGRICULTURAL DEVELOPMENT CORPORATION

HEAD OFFICE — PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1990

	1990 <u>KShs. '000s</u>	1989 <u>KShs. '000s</u>
MANAGEMENT FEES RECEIVABLE	1,011	1,787
DIRECTOR'S FEES	—	45
INTEREST AND DIVIDENDS RECEIVABLE		
Inter group interest	—	3,141
Other interest and dividends	3,966	5,692
RENT RECEIVABLE	5,714	5,773
MISCELLANEOUS INCOME	73	61
	<u>10,764</u>	<u>16,499</u>
STAFF EXPENSES (Page 19)	16,529	18,662
OFFICE EXPENSES (Page 19)	9,878	11,219
BOARD MEMBERS		
Mileage and sitting allowances	45	58
REGIONAL OFFICE EXPENSES DEPRECIATION		
Kitale	3,664	4,276
Malindi	1,383	816
Nakuru	3,727	2,535
INTEREST PAYABLE		
Bank overdraft	4,093	3,051
Loans	4,616	6,025
PROVISION FOR DOUBTFUL DEBTS	—	888
DEPRECIATION	1,511	1,656
	<u>45,466</u>	<u>49,186</u>
NET OPERATING LOSS FOR THE YEAR	(34,682)	(32,687)
NON-RECURRING ITEMS		
Profit on sale of fixed assets	193	196
Profit on sale of investment	—	5,476
	<u>—</u>	<u>5,476</u>
NET LOSS FOR THE YEAR	<u>(34,489)</u>	<u>(27,015)</u>
STATEMENT OF ACCUMULATED LOSSES		
ACCUMALATED LOSSES BROUGHT FORWARD	(151,637)	(124,622)
NET LOSS FOR THE YEAR	<u>(34,489)</u>	<u>(27,015)</u>
ACCUMULATED LOSSES CARRIED FORWARD	<u>(186,126)</u>	<u>(151,637)</u>

AGRICULTURAL DEVELOPMENT CORPORATION

SCHEDULE TO HEAD OFFICE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1990

	<u>1990</u> KShs.'000s	<u>1989</u> KShs.'000s
ADMINISTRATION EXPENSES		
STAFF		
Gratuities	415	1,071
Medical	652	837
Pension Scheme	201	421
Salaries and N.S.S.F.	12,603	14,083
Training	426	123
Travelling and subsistence	2,130	2,008
Wages and uniforms	102	119
	<u>16,529</u>	<u>18,662</u>
OFFICE		
Advertising and agricultural show	329	236
Auditors' remuneration	567	610
Bank charges	463	779
Electricity and water	77	57
Entertainment	24	85
Incidental expenses	318	465
Insurances	96	311
Legal and project appraisal fees	386	238
Motor vehicles	1,874	1,921
Newspapers and periodicals	22	23
Postage and telephone	748	669
Rent and rates	1,832	1,740
Losses and write offs	—	211
Repairs and maintenance of equipment	550	156
Stationery	1,374	842
Subscriptions and donations	800	2,134
Transport	43	41
Professional fees	—	265
Security	236	165
Computer costs	116	271
L.A.S.C.	22	—
	<u>9,877</u>	<u>11,219</u>

AGRICULTURAL DEVELOPMENT CORPORATION
SCHEDULE OF INVESTMENTS AS AT 31ST MARCH, 1990

INVESTMENT AND NATURE OF INVESTMENT	SOURCE OF FINANCE	1990 KShs. '000s	1989 KShs. '000s
CHEMELIL SUGAR COMPANY LTD.			
4,043,825 shares of KShs. 20 each	GRANT FROM M.A.	68,488	68,488
1,250,000 6% Cum Pref shares of KShs. 20 each	GRANT FROM M.A.	25,000	25,000
Loan notes (carrying interest at 3%, formerly DM 4.6 million)	GRANT FROM M.A.	14,362	14,362
Loan notes (carrying interest at 3%)	GRANT FROM M.A.	14,418	14,418
2,966,955 Ordinary shares of KShs. 20 each (purchased from G.H.H.)	GRANT FROM M.A.	1,100	1,100
	GRANT FROM M.A.	48,239	48,239
		<u>171,607</u>	<u>171,607</u>
BAT (K) DEVELOPMENT LTD.			
200,000 Ordinary shares of KShs. 20 each	GENERAL CORPORATION FUNDS	4,000	4,000
DEVELOPMENT HOUSE PHASE I AND II			
Half ownership of office Block — I	GENERAL CORPORATION FUNDS	3,871	3,871
Half ownership of Block — II	GENERAL CORPORATION FUNDS	28,244	28,244
		<u>32,115</u>	<u>32,115</u>
EAST AFRICAN SUGAR INDUSTRIES LTD.			
2,067,096 Ordinary shares of KShs. 20 each	GRANT FROM M.A.	19,500	19,500
HASTINGS IRRIGATION (K) LTD.			
74,375 shares of KShs. 20 each	GENERAL CORPORATION FUNDS	1,488	1,488
KENYA CO-OPERATIVE CREAMERIES LTD.			
10 Ordinary shares of KShs. 20 each	GENERAL CORPORATION FUNDS	—	—
130,038 Ordinary levy shares of KShs. 20 each	GENERAL CORPORATION FUNDS	3,096	3,096
42,414 5% "D" Cum. Red. Pref. shares of KShs. 20 each	GENERAL CORPORATION FUNDS	848	848
4,194 5% "C" Cum. Red. Pref. shares of KShs. 20 each	GENERAL CORPORATION FUNDS	84	84
256 Deferred shares of KShs. 20 each	GENERAL CORPORATION FUNDS	5	5
5,891 "A" Deferred shares of KShs. 20 each	GENERAL CORPORATION FUNDS	118	118
		<u>4,151</u>	<u>4,115</u>
	c/fwd	232,861	232,861

AGRICULTURAL DEVELOPMENT CORPORATION

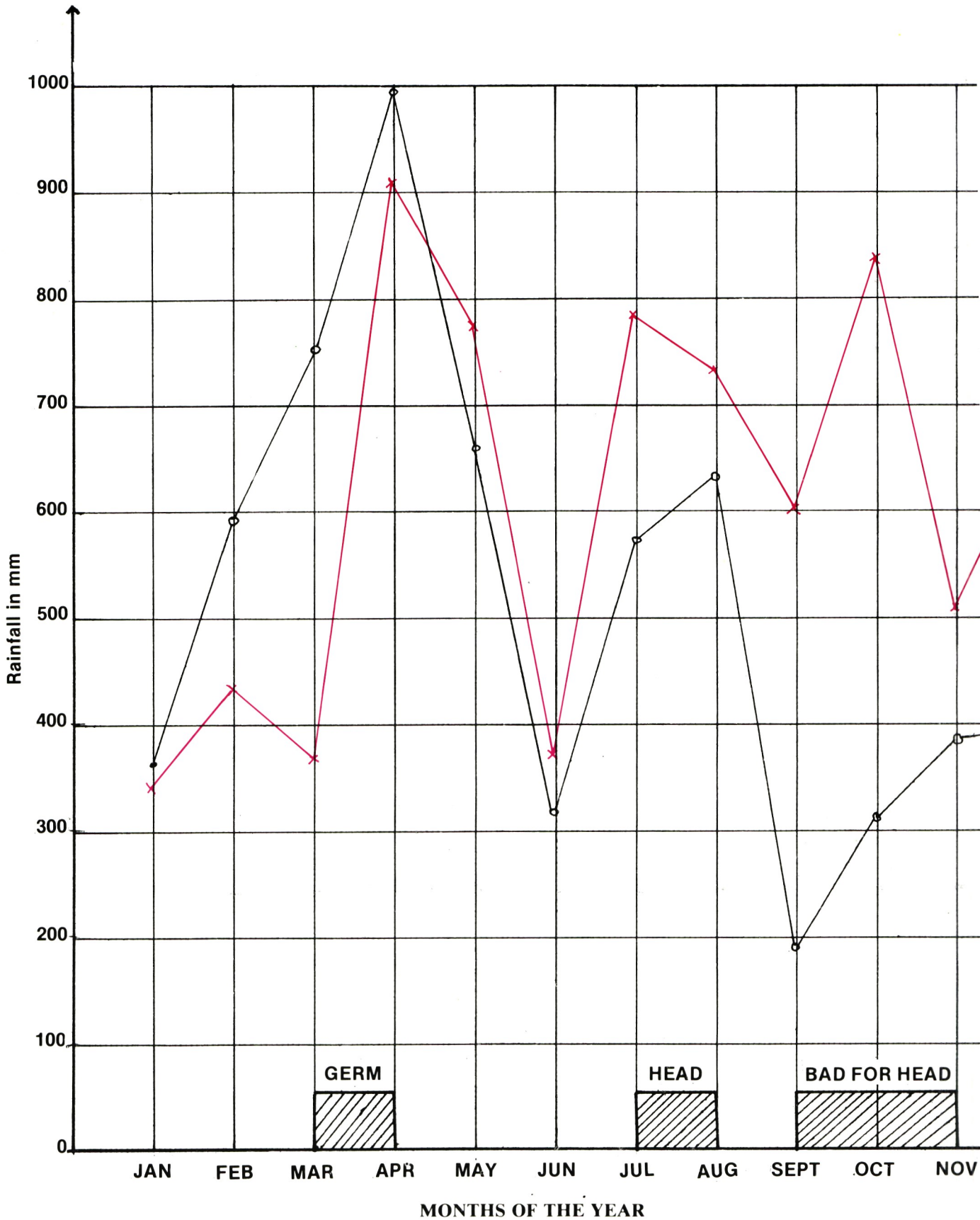
SCHEDULE OF INVESTMENTS AS AT 31ST MARCH, 1990

INVESTMENT AND NATURE OF INVESTMENT	SOURCE OF FINANCE	1990 KShs.'000s	1989 KShs.'000s
	b/fwd.	232,861	232,861
KENYA GRAIN GROWERS CO-OPERATIVE UNION LTD.			
0,214 Ordinary share of KShs. 20 each	GENERAL CORPORATION FUNDS	<u>1,404</u>	<u>1,404</u>
KENYA FRUIT PROCESSORS LTD.			
0,000 "A" Ordinary shares of KShs. 20 each	GENERAL CORPORATION FUNDS	142	142
0,500 Ordinary shares of KShs. 20 each	GENERAL CORPORATION FUNDS	<u>810</u>	<u>810</u>
		<u>952</u>	<u>952</u>
KENYA SEED COMPANY LTD.			
65,874 Ordinary shares of KShs. 20 each	GENERAL CORPORATION FUNDS	4,465	4,465
5,586 Ordinary shares of KShs. 50 each	GENERAL CORPORATION FUNDS	429	429
100 Ordinary shares of KShs. 70 each	GENERAL CORPORATION FUNDS	42	42
425,180 Ordinary shares of KShs. 20 each	BONUS ISSUE	—	—
		<u>4,935</u>	<u>4,935</u>
KENYA HORSE STUD COMPANY LTD.			
ADC share contribution	GENERAL CORPORATION FUNDS	<u>1,500</u>	<u>1,500</u>
PYRETHRUM BOARD OF KENYA			
1,782 Ordinary shares of KShs. 20 each	GENERAL CORPORATION FUNDS	<u>36</u>	<u>36</u>
HORTICULTURAL CO-OPERATIVE UNION			
1 Membership share of KShs. 100		—	—
KENYA PLANTERS CO-OPERATIVE UNION			
1,691 Red. Ordinary shares of KShs. 10 each (conversion of stock)	GENERAL CORPORATION FUNDS	17	17
AGRO-CHEMICAL AND FOOD CORPORATION LTD.			
157,500 shares of KShs. 20 each	GENERAL CORPORATION FUNDS	3,150	3,150
587,500 shares of KShs. 20 each	GRANT FROM M.A.	<u>13,750</u>	<u>13,750</u>
		<u>16,900</u>	<u>16,900</u>
TOTAL COST OF INVESTMENTS		258,605	258,605
Provision for diminution in value (Note 5)		<u>(2,988)</u>	<u>(2,988)</u>
		<u>255,617</u>	<u>255,617</u>

RAINFALL DATA FOR NAKURU REGION

KEY: -

— x — 19
— o — 19



RAINFALL DATA FOR KITALE REGION

KEY: -

— x — 1989
— o — 1990

