

LANDS LIMITED

ANNUAL REPORT & ACCOUNTS

31ST MARCH 2005

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LANDS LIMITED

ACCOUNTS

FOR THE YEAR ENDED

31st March 2005

KENYA NATIONAL ASSEMBLY
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31st March 2005

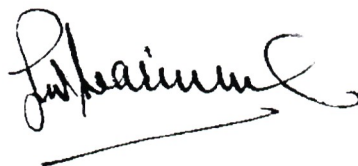
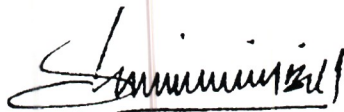
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Lands Limited established under Companies Act, Cap.486 of the Laws of Kenya requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period. It also requires the directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Company Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and the related operating profit /(loss). The directors further accept the responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

MANAGING DIRECTOR



REPORT OF THE DIRECTORS

For the year ended 31st March 2005

The Directors submit their report and the audited accounts for the year ended 31st March 2005 which shows the state of the company's affairs.

1. PRINCIPAL ACTIVITY

The Principal activity of the company is the leasing of farms.

2. RESULTS

The results of the company for the year are set out on page 6.

3. DIVIDENDS

The Directors do not recommend any payment of dividend.

4. ACCUMULATED PROFITS

The Directors propose to carry forward accumulated profit amounting to Ksh. 563,442,000.

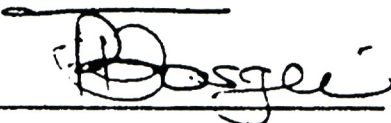
5. DIRECTORS

The Directors who served during the year were:-

Mr. W. K. Kirwa (Chairman)
Mr. J. C. Odhiambo
Mr. T. W. Njoroge

By order of the Board.

Beatrice Kosgei



Company Secretary

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF LANDS LIMITED FOR THE YEAR ENDED 31st MARCH 2005

For the year ended 31st March 2005

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF LANDS LIMITED FOR THE YEAR ENDED 31st MARCH 2005

I have audited the financial statements of Lands Limited for the year ended 31 March 2005 in accordance with the provisions of Section 14 of the Public Audit Act, 2003. 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Directors and the Controller and Auditor General

As set out in the statement of directors' responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Company's state of affairs and its operating results. My responsibility is to express an independent opinion on the Financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

Income on Loans

It was observed that the Corporation charges interest on debtors and recognizes the same in the profit and loss account regardless of whether the debts are recoverable or not. Most of the debts are statutorily time barred and their recoverability is doubtful. An example of these debt is Siboti Farmers who owed Lands Limited Kshs.26,688,080 as at 31 March 2005. During the period under review Kshs.58,455 was charged on this amount as interest which has increased the debt to Kshs.32,465,594 as at 31 March 2005. It has not been possible to confirm whether interest charged on doubtful debtors will be realized or the effect the interest charged on debtors will have on these accounts in the event that it is not realized. Consequently, the completeness and validity of interest on loans figure of Kshs.7,447,000 could not be confirmed.

Opinion

Except for the foregoing reservations, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the Company as at 31st March, 2005 and of its profit and cash flows for the year then ended and comply with the Companies Act (Cap 486) of the Laws of Kenya.



E. N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi


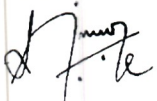
26 May 2006

BALANCE SHEET

As at 31st March 2005

	NOTES	31st March 2005 Ksh.(000)	31st March 204 Ksh.(000)
FIXED ASSETS	2	16,419	18,949
LOANS ADVANCED	5	3,896	3,684
CURRENT ASSETS			
Current Account with Parent Co.	6	557,674	551,167
Debtors	7	65,782	57,292
Cash and Bank Balances	8	2,368	1,331
		<u>625,824</u>	<u>609,790</u>
CURRENT LIABILITIES			
Accruals	9	1,000	5,177
Sundry Creditors	10	13,208	27,920
		<u>14,208</u>	<u>33,097</u>
NET CURRENT ASSETS		<u>611,616</u>	<u>576,693</u>
TOTAL ASSETS		<u>631,931</u>	<u>599,290</u>
FINANCED BY:			
Authorised and issued fully paid 1000 Ord. Share of Kshs. 20 each.		20	20
Capital Reserves	11	12,775	12,775
Grants	12	55,694	55,694
Profit and loss Account	13	563,442	530,801
Shareholders' Funds		<u>631,931</u>	<u>599,290</u>

These accounts were approved by the Board of Directors.


 _____)

 _____)
 DIRECTORS

PROFIT AND LOSS ACCOUNT STATEMENT

For the year ended 31st March 2005

	Notes	YEAR 2005 KSH.(000)	YEAR 2004 KSH.(000)
TURN OVER		<u>33,859</u>	<u>115,919</u>
PROFIT / (LOSS) FOR THE YEAR	3	28,344	110,891

STATEMENT OF ACCUMULATED PROFITS

Accumulated profit Brought Forward		530,801	419,910
Profit / (Loss) for the year		28,344	110,891
Prior year adjustment	4	<u>4,297</u>	<u>0</u>
Accumulated Profit / (Loss) C/Forward		<u><u>563,442</u></u>	<u><u>530,801</u></u>

III CASH FLOW STATEMENT

For the year ended 31st March 2005

	YEAR 2005 KSH.(000)	YEAR 2004 KSH.(000)
Cash Flows from Operating Activities		
Net Profit (Loss) for the year	28,344	110,891
Adjustment for:		
Depreciation	186	903
Interest on loans	(7,447)	(6,261)
Rent Receivable	(412)	(68)
Profit on sale of Fixed Asset	(25,631)	(109,590)
Operating profit before working capital changes	(4,893)	(4,125)
Increase / Decrease in Debtors	3,309	(20,812)
Increase / Decrease in Creditors	120	120
Increase / Decrease in Deposits received	7,358	(317,921)
Increase / Decrease in Current Account with parent Corporation	(6,507)	342,120
	4,280	3,507
Cash generated from operations	(613)	(618)
Financing Activities:		
Loan Repayment	(248)	(167)
Investing Activities:		
Proceeds on sale of Motor Vehicle	1,898	-
Net increase in cash and cash equivalents	1,037	785
Cash and Cash equivalents at:		
Beginning of Period	1,331	2,116
End of Period	2,368	1,331
	1,037	785

NOTES TO THE ACCOUNTS

For the year ended 31st March 2005

1. ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention.

DEPRECIATION

Leasehold land and buildings are amortised over the remaining period of the lease by equal annual instalments.

Fixed Assets are depreciated on the reducing balance basis to write the cost of the assets down to their residual value over their expected useful lives at the following rates:-

Land	NIL
Permanent Improvements	2.5% p.a.
Motor Vehicles	25% p.a.

2. FIXED ASSETS

	Farms Managed by ADC Kshs. '000'	Farms Leased to tenants Kshs. '000'	Motor Vehicles Kshs. '000'	Totals Kshs. '000'
COST				
01.04.2004	15,906	454	11,059	27,419
Additions	-	-	-	-
Disposals	379	-	4,659	5,038
31.03.2005	15,527	454	6,400	22,381
DEPRECIATION				
01.04.2004	-	115	8,355	8,470
Charge for the year	-	2	184	186
Disposals	-	-	2,694	2,694
31.03.2005	-	117	5,845	5,962
N.B.V.				
31.03.2005	15,527	337	555	16,419
31.03.2004	15,906	339	2,704	18,949

NOTES TO THE ACCOUNTS

For the year ended 31st March 2005

	YEAR 2005 Kshs.'000	YEAR 2004 Kshs.'000
3. NET PROFIT FOR THE YEAR		
The Net Profit for the Year is stated after charging		
Depreciation of fixed assets	186	903
Auditors, remuneration	120	120
Provision for bad and doubtful Debts	1,594	0
And Crediting:		
Profit / (Loss) on sale of land	25,632	109,590
Profit / (Loss) on sale of fixed assets	(67)	0
During the year the company realised land allottees' receipts (previously categorized as Lands Ltd. Creditors) against the cost of the land realising a profit on partial sale of ADC Kiswani land as appears on page 6.		
4. Prior Year Adjustment		
This relates to survey fees previously accrued now considered not payable.		
5. STAFF LOANS		
Secured	1,994	1,679
Unsecured	<u>1,902</u>	<u>1,969</u>
TOTAL	<u>3,896</u>	<u>3,648</u>
6. Current Account with Parent Company		
This is a control account for transactions between the Parent Company (Agricultural Development Corporation) and its Subsidiary Lands Ltd.		
	557,674	551,167
7. DEBTORS		
Debtors are stated at net of provision for bad and doubtful debts.		
Sundry Debtors	68,215	58,131
Less: General Provision	(839)	(839)
Less: Specific Provision	<u>(1,594)</u>	<u>0</u>
	<u>65,782</u>	<u>57,292</u>
8. Cash and Bank Balances		
Relate to Bank balances at the end of each of the two financial years.	2,368	1,331
9. ACCRUALS		
Relate to audit fees.		
10. SUNDRY CREDITORS		
Relate to deposits made by land allottees.		

NOTES TO THE ACCOUNTS

For the year ended 31st March 2005

	YEAR 2005 Kshs.'000	YEAR 2004 Kshs.'000
11. CAPITAL RESERVES		
Comprise of the General Reserve Fund taken over from Agricultural Settlement Fund net of Government Trust Fund on farms taken over from Agricultural Settlement Trust.	12,775	12,775
12. Grants		
Grants from the government of Kenya.	55,694	55,694
13. Profit and Loss		
Comparative profit carried forward at end of each of the financial years.	563,442	530,801
14. Contingent Liability		
Part of the land has been given as security to secure loans and overdrafts advanced to the parent company.		

TRADING, PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2005

	YEAR 2005 Kshs. '000	YEAR 2004 Kshs.'000
INCOME		
Interest on loans and mortgages	7,447	6,261
Rent Receivable	412	68
Profit on sale of Motor Vehicle	(67)	-
Miscellaneous Income	436	-
Profit on sale of land	25,631	109,590
	33,859	115,919
EXPENDITURE		
Management fees payable to A.D.C.	598	598
Bank Charges	37	6
Audit Fees	120	120
Staff Costs	2,001	3,124
Depreciation	186	903
Legal Fees	791	-
Incidentals	36	17
Provision for bad debts	1,594	-
Survey Fees	152	260
	5,515	5,028
NET PROFIT / (LOSS) FOR THE YEAR	28,344	110,891