

PYRETHRUM BOARD OF KENYA

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**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2000**



P.O. Box 420 • NAKURU • Kenya • Telephone: (037) 211567

PYRETHRUM BOARD OF KENYA

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000



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PYRETHRUM BOARD OF KENYA

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Nakuru Branch
P.O. Box 66, NAKURU

Auditors The Auditor - General (Corporations)

OVERSEAS LIAISON OFFICES

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PYRETHRUM BOARD OF KENYA
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2000

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PYRETHRUM BOARD OF KENYA

BOARD MEMBERS WHO SERVED THROUHOUGHT THE YEAR ENDED 30 JUNE 2000

JOHN O. MARIARIA - CHAIRMAN
TOM M. KIBISU
SHADRACK KIMURGOR
JOSEPH K. KOMEN
SAMUEL M. M'IKIARA
WILLY K. NGERECHI
JOHN MARONGA N'GON'GO
GEORGE K. GAKURE
NATHANIEL CHEBELYON
JOSEPH K. Arap CHEPKONGA
WILSON K. CHEPYEGON
THE PERMANENT SECRETARY, MINISTRY OF AGRICULTURE
THE DIRECTOR OF AGRICULTURE
THE COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT

SENIOR MANAGEMENT STAFF AS AT 30 JUNE 2000

JOSHUA C. KIPTOON - Managing Director
CHRISTOPHER C. AGUTU - Corporate Secretary/Legal Officer
JAMES N. KURIA - Ag. Chief Entomologist
CLEOPHAS D. OCHIENG - Chief Chemist
THOMAS O. ONGUBO - Chief Internal Auditor
JOASH N. OSIEMO - Works Manager
ONGIRI OSINDE - Chief Accountant
ROBERT M. TIAMPATI - Ag. Crop Production Manager
JAMES M. WANGAI (DR.) - Marketing Manager
BEN M.W. WANJALA - Ag. Crop Research Manager



PYRETHRUM BOARD OF KENYA
SUMMARY OF REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2000

1. CROP PRODUCTION

POOL YEAR		POOL YEAR
1998/99		1999/2000
<u>3,995 tonnes</u>	Crop delivered by growers	<u>4,724 tonnes</u>

2. SALES

Kshs. 775,323,592	Sales proceeds from flowers/powder/extract	Kshs. 1,102,195,581
Kshs. <u>69,369,088</u>	Sales proceeds from marc and other by-products	Kshs. <u>50,219,713</u>
<u>844,692,680</u>		<u>1,152,415,294</u>

3. COSTS

Kshs. 553,919,668	Total operating costs and depreciation	Kshs. 726,516,649
Kshs. <u>14,561,247</u>	Total distribution costs	Kshs. <u>19,291,569</u>
Kshs. <u>568,480,915</u>		Kshs. <u>745,808,218</u>

4. PYRETHRINS CONTENT

	Average pyrethrins content of flowers delivered	
<u>1.479%</u>		<u>1.473%</u>

5. PAID TO GROWERS

Kshs. 437,080,540	Total pool payments	Kshs. 599,376,690
Kshs. 7,603.00	Per Kilo of pyrethins	Kshs. 8,613.00
Kshs. 114.05	Per Kilo of 1.5% flowers	Kshs. 129.20
Kshs. 98.84	Per Kilo of 1.3% flowers	Kshs. 111.97
Kshs. 76.03	Per Kilo of 1.0% flowers	Kshs. 86.13



PYRETHRUM BOARD OF KENYA
REPORT OF THE AUDITOR - GENERAL (CORPORATIONS) ON THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2000

I have examined the Accounts of the Pyrethrum Board of Kenya for the year ended 30 June 2000 in accordance with the provisions of Section 29(2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been kept and the Accounts, which have been prepared under the historical cost convention, are in agreement therewith and comply with the Pyrethrum Board Act, (Cap 340).

In my opinion, and subject to the reservations set out herebelow, the Accounts, when read together with the Notes thereon, present fairly the Board's financial state of affairs as at 30 June 2000 and of its deficit and cash flows for the year then ended.

1. CAPITAL WORK-IN-PROGRESS

Included in Capital Work-In-Progress, as reflected in Note 2 to the Accounts, is an amount of Kshs.400,000 relating to four prefabricated houses which the Board purchased from the Forestry Industrial Training Centre (FITC) and paid for in full in May 1992. To date these houses have not been delivered to the Board and it is not clear why the delivery of the houses has taken so long to effect. It is highly doubtful that these houses, which have remained undelivered for over 8 years now, will ever be supplied to the Board by the FITC.

2. DEBTORS AND PREPAYMENTS

The net Balance Sheet Debtors and Prepayments balance of Kshs.137,178,431 as at 30 June 2000 includes an amount of Kshs.19,851,906 owed by staff, ex-staff and former Board members which in turn includes Kshs.5,829,234 which was not supported and could, therefore, not be verified. Although available information indicates that legal action has been taken against ex-Board debtors, the recoverability of the debts still appears doubtful in view that the debts have been outstanding for more than six (6) years. In addition, provision of Kshs.3,268,246 made in these Accounts for bad and doubtful debts relating to fraudulent cheques of the same value shows that the recoverability of the entire amount of fraudulent cheques is now considered highly doubtful. The Board has also made a general provision for bad and doubtful debts of Kshs.4,482,000 which appears inadequate particularly in view that most of the debts have been outstanding for more than five (5) years. Under the circumstances, therefore, it is not possible to confirm the correctness of the Debtors and Prepayments balance of Kshs.137,178,431 shown on the Board's Balance Sheet as at 30 June 2000.

S. M. MALUKI
AUDITOR-GENERAL (CORPORATIONS)

10 July 2001

PYRETHRUM BOARD OF KENYA
GROWERS' ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000

	Kshs.	1999 Kshs.
Surplus on marketing as per production & marketing account (Page 13)	347,965,453	320,286,651
<u>Add</u> Other income:		
Interest on deposits	<u>52,876,335</u>	<u>69,696,030</u>
Gross surplus available to growers for the year	<u>400,841,788</u>	<u>389,982,681</u>
<u>Deduct</u> Payment to growers (per kg. of pyrethrins)		
- Interim monthly pool payments July 1999 to June 2000 @ Kshs. 6,300 (1999 - Kshs. 5,300)	438,415,551	304,686,931
- Local authorities cess @ Kshs. 63 (1999 - Kshs. 53)	4,384,156	3,046,884
- Levy	311,814	263,667
- Proposed final pool payment @ Kshs. 2,250 (1999 - Kshs. 2,250)	156,265,169	129,083,058
Total pool payments to growers	<u>599,376,690</u>	<u>437,080,540</u>
Net surplus/(deficit) available for the year	(198,534,902)	(47,097,859)
Growers' Account balance at 1 July	922,291,830	969,389,689
Growers' Account balance at 30 June	<u><u>723,756,928</u></u>	<u><u>922,291,830</u></u>

PYRETHRUM BOARD OF KENYA
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2000

	Notes	Kshs.	1999 Kshs.
FIXED ASSETS	2	<u>193,655,894</u>	<u>210,830,937</u>
INVESTMENTS	3	<u>40</u>	<u>105,139</u>
CURRENT ASSETS			
Stock in trade		23,188,739	81,830,362
Other stocks		176,270,783	189,932,625
Debtors and prepayments		137,178,431	134,267,271
Fixed deposits		1,130,315,600	947,844,300
Treasury Bills		19,578,505	
Cash at bank and in hand		35,062,885	275,942,244
		<u>1,521,594,943</u>	<u>1,629,816,802</u>
CURRENT LIABILITIES			
Creditors and provisions		196,205,394	117,350,923
Creditors - growers		12,980,075	48,725,809
Proposed final pool payment	4	156,265,169	129,083,058
		<u>365,450,638</u>	<u>295,159,790</u>
NET CURRENT ASSETS		<u>1,156,144,305</u>	<u>1,334,657,013</u>
TOTAL ASSETS		<u><u>1,349,800,239</u></u>	<u><u>1,545,593,089</u></u>
<i>FINANCED BY:-</i>			
STOCK UNITS ISSUED	5	29,202,640	28,913,000
LEVY FUND	5	832,201	810,027
ACCUMULATED CAPITAL FUND	5	121,552,494	119,122,256
GENERAL RESERVE	5	474,455,976	474,455,976
GROWERS' ACCOUNT		723,756,928	922,291,830
		<u><u>1,349,800,239</u></u>	<u><u>1,545,593,089</u></u>

These accounts were approved at a meeting of the full Board held on 24th November 2000

Signed: J.O. Mariaria
Chairman

Signed: J. C. Kiptoon
Chief Executive

PYRETHRUM BOARD OF KENYA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000

	Kshs.	1999 Kshs.
Cash flow from operating activities		
Net surplus/(deficit) for the year	(198,534,902)	(47,097,859)
<i>Adjustments for:</i>		
Depreciation	36,685,833	27,502,610
Levy	311,814	263,667
Operating surplus/(deficit) before working capital changes	<u>(161,537,255)</u>	<u>(19,331,582)</u>
(Increase) in debtors & prepayments	(2,911,160)	51,287,406
Decrease/(Increase) in stock	72,303,465	(74,516,583)
Decrease in creditors	70,290,848	(82,878,933)
(Increase) in deposits	(182,471,300)	226,718,200
(Increase) in Treasury bills	(19,578,505)	170,497,108
	<u>(62,366,652)</u>	<u>291,107,198</u>
Cash generated from operations	<u>(223,903,907)</u>	<u>271,775,616</u>
Cash flow from investing activities		
Purchase of fixed assets	(19,519,230)	(20,430,422)
Proceeds from sale of fixed assets	2,543,777	3,452,975
	<u>(16,975,452)</u>	<u>(16,977,447)</u>
Net increase/(decrease) in cash	(240,879,360)	254,798,169
Opening cash balance	<u>275,942,245</u>	<u>21,144,076</u>
Closing cash balance	<u><u>35,062,885</u></u>	<u><u>275,942,245</u></u>

PYRETHRUM BOARD OF KENYA
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2000

1. ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention

(b) Depreciation

Depreciation has been charged on the cost of the fixed assets at the following rates:-

Buildings	2% p.a.
Plant, machinery, equipment & furniture	12.5% p.a.
Motor vehicles	25% p.a.

The rates are designed to write off such cost over the estimated useful lives of the assets concerned.

(c) Stock

Stock has been valued at the lower of cost and net realisable value. Stocks of powder and extract have been valued on the basis of prime cost based on the interim price paid for pyrethrins. Stores have been valued at the lower of cost and net realisable value, and work-in-progress at the cost of raw materials plus labour and overheads directly attributable to their manufacture.

(d) Turnover

Turnover is the amount derived from the sale of pyrethrum products after deduction of trade discounts and commissions payable to overseas agents, and after adjustments for profits and losses on translation of foreign currencies.

(e) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Kenya Shillings at the mid-rate of exchange ruling on the balance sheet date.

Exchange differences derived from the fluctuation of foreign currency denominated sales debtors or commissions creditors between the rate applied at the invoice date and the rate ruling at the date of settlement or year-end, as applicable, are included as part of the turnover of the Board.

PYRETHRUM BOARD OF KENYA
NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 30 JUNE 2000

2. (a) FIXED ASSETS

	Land and Buildings Kshs.	Plant Machinery Equipment & Furniture Kshs.	Motor Vehicles Kshs.	Capital Work- -in-Progress Kshs.	Total Kshs.
COST					
At 30 June 1999	65,221,342	149,793,766	110,206,608	93,026,892	418,248,608
Additions		9,392,709	5,804,645	4,321,876	19,519,230
Transfers	41,263,724	55,045,685		(96,309,409)	
Disposals		(16,510)	(3,554,295)		(3,570,805)
At 30 June 2000	<u>106,485,066</u>	<u>214,215,650</u>	<u>112,456,958</u>	<u>1,039,359</u>	<u>434,197,033</u>
DEPRECIATION					
At 30 June 1999	20,775,108	108,888,585	77,753,978		207,417,671
Year's charge	2,042,018	17,684,884	16,958,931		36,685,833
On disposals		(8,230)	(3,554,135)		(3,562,365)
At 30 June 2000	<u>22,817,126</u>	<u>126,565,239</u>	<u>91,158,774</u>		<u>240,541,139</u>
NET BOOK VALUE					
At 30 June 2000	<u>83,667,940</u>	<u>87,650,411</u>	<u>21,298,184</u>	<u>1,039,359</u>	<u>193,655,894</u>
At 30 June 1999	<u>44,446,234</u>	<u>40,905,181</u>	<u>32,452,630</u>	<u>93,026,892</u>	<u>210,830,937</u>

(b) CAPITAL WORK-IN-PROGRESS

	Kshs.	1999 Kshs.
Meru Office	13,000	
Central Province office	65,000	65,000
Dawsonville houses		29,757,161
OI Kalou nursery		124,167
Entomology block	561,359	561,359
Refinery tanks		54,854,973
Prefabricated houses	400,000	2,447,883
Head Office Perimeter Fence		5,216,349
	<u>1,039,359</u>	<u>93,026,892</u>

PYRETHRUM BOARD OF KENYA
NOTES TO THE ACCOUNTS (continued)
FOR THE YEAR ENDED 30 JUNE 2000

	Kshs.	1999 Kshs.
3. INVESTMENTS		
5,087 shares in KFA Ltd.	20	101,739
170 shares in KCC Ltd.	20	3,400
	<u>40</u>	<u>105,139</u>

The value of the shares was written off because both organisations are under receivership and have been advertised for sale.

4. FINAL POOL PAYMENT		
Proposed final pool payment	156,576,983	129,346,725
Less: Levy	(311,814)	(263,667)
	<u>156,265,169</u>	<u>129,083,058</u>

5. (a) FINANCE EMPLOYED

	PBK Stock Kshs.	Levy Fund Kshs.	Accumulated Capital Fund Kshs.	General Reserve Kshs.
Balance at 1 July 1999	28,913,000	810,027	119,122,256	474,455,976
Stock units issued	289,640	(289,640)		
Adjustments			(105,099)	
	<u>29,202,640</u>	<u>520,387</u>	<u>119,017,157</u>	<u>474,455,976</u>
Profit on sale of fixed assets			2,535,337	
Levy contributions for the year		311,814		
	<u>29,202,640</u>	<u>832,201</u>	<u>121,552,494</u>	<u>474,455,976</u>

(b) REDEMPTION OF P.B.K. STOCK

It is intended that the stock held by non-growers should be redeemed and the holders accordingly refunded their contributions totalling Kshs.8,187,100.

6. SUBSIDIARY COMPANY

The Board's wholly owned subsidiary company, The Pyrethrum Processing Company of Kenya Limited, does not trade. These accounts consolidate the assets and reserves of the subsidiary.

7. CONTINGENT LIABILITY

There is a contingent liability of Kshs.526,116 relating to a dispute in court over fees charged for structural and civil engineering services rendered in respect of the rehabilitation of the Board's Dawsonville stores.

**PYRETHRUM BOARD OF KENYA
PRODUCTION & MARKETING ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000**

	Kshs.	1999 Kshs.
TURNOVER	<u>1,152,415,294</u>	<u>844,692,680</u>
EXPENSES		
Processing and refining	(232,857,672)	(184,283,660)
Administration	(178,210,731)	(139,567,550)
Crop production	(186,856,043)	(143,824,617)
Scientific services	(71,680,116)	(48,770,034)
Marketing & sales	(56,438,553)	(36,692,910)
Distribution	(19,291,569)	(14,561,247)
Overdraft interest	<u>(473,535)</u>	<u>(780,897)</u>
TOTAL EXPENSES	<u>(745,808,218)</u>	<u>(568,480,915)</u>
CRUDE EXTRACTS PURCHASED		(24,120,132)
INCREASE/(DECREASE) IN TRADE STOCK	<u>(58,641,623)</u>	<u>68,195,018</u>
SURPLUS ON MARKETING TRANSFERRED TO GROWERS' ACCOUNT (Page 7)	<u>347,965,453</u>	<u>320,286,651</u>

PYRETHRUM BOARD OF KENYA
DRY PYRETHRUM FLOWER DELIVERIES (*in metric tonnes*)

PERIOD	TONNES	
1935	327	
1936	1,095	
1937	1,005	
1938	1,894	
1939	2,915	
1940	5,954	
1941	5,856	
1942	5,557	
1943	4,173	
1944	6,652	
1945	7,528	
1946	6,848	
1947	3,970	
1948	1,582	
1949	1,541	
1950	2,211	
1951	2,266	
1952	2,781	
1953	2,356	
1954	2,591	} 15 months period
January/March 1955	936	
April 1955/March 1956	3,477	
April 1956/March 1957	3,933	
April 1957/March 1958	4,596	
April 1958/March 1959	4,140	} 15 months period
April 1959/June 1959	772	
July 1959/June 1960	6,604	
July 1960/June 1961	9,312	
July 1961/June 1962	10,931	
July 1962/June 1963	8,511	
July 1963/June 1964	5,269	
July 1964/June 1965	4,511	} 15 months period
July 1965/September 1965	1,745	
October 1965/September 1966	7,876	
October 1966/September 1967	10,698	
October 1967/September 1968	11,237	
October 1968/September 1969	7,423	
October 1969/September 1970	6,005	
October 1970/September 1971	9,748	
October 1971/September 1972	14,414	
October 1972/September 1973	10,698	
October 1973/September 1974	13,722	
October 1974/September 1975	15,035	

PYRETHRUM BOARD OF KENYA**DRY PYRETHRUM FLOWER DELIVERIES** *(in metric tonnes)* *(continued)*

October 1975/September 1976	14,267	
October 1976/September 1977	11,429	
October 1977/September 1978	8,441	
October 1978/September 1979	7,950	
October 1979/September 1980	10,424	
October 1980/September 1981	15,704	
October 1981/September 1982	18,720	
October 1982/September 1983	8,974	
October 1983/September 1984	3,156	
October 1984/September 1985	3,101	} 21 months period
October 1985/June 1986	3,117	
July 1986/June 1987	6,407	
July 1987/June 1988	6,689	
July 1988/June 1989	7,538	
July 1989/June 1990	8,988	
July 1990/June 1991	9,943	
July 1991/June 1992	12,452	
July 1992/June 1993	17,711	
July 1993/June 1994	11,979	
July 1994/June 1995	10,551	
July 1995/June 1996	7,490	
July 1996/June 1997	6,220	
July 1997/June 1998	7,161	
July 1998/June 1999	3,995	
July 1999/June 2000	4,724	

