Sisal Board of Kenya

ANNUAL REPORT - 1984
AND
ANNUAL AUDITED ACCOUNTS.
1984 FINANCIAL YEAR

SISAL BOARD OF KENYA

BOARD MEMBERSHIP - 1984

CHAIRMAN	-	Lucas Kamau Ngureti
MEMBERS	-	Shem Goga
		Constantine Gregory Emmanuel
		Permanent Secretary, Ministry of Agriculture
		Director of Agriculture
CHIEF EXECUTIVE (Secretary to the Board)	-	J.H. Wairagu
REGISTERED HEAD OFFICE -		Old Mutual Building, Kimathi, Street, P.O. Box 41179, NAIROBI.
INSPECTORATE -		Kenya Sisal Board inspectorate, Mozambique Road, P.O. Box 81764, MOMBASA.

NOTE:
Owing to two successive annual rotational retirements as required by sub-section 3(3) of the Sisal Industry Act (Cap. 341), six Board Members had retired by the end of December, 1983. The vacancies remained unfilled throughout the year 1984.

REVIEW OF THE SISAL INDUSTRY - JANUARY TO DECEMBER, 1984

(a) General

In spite of the drought, sisal fibre production in 1984 was the highest recorded in ten years. Production by small-scale producers was especially encouraging. The incentive however appears to have been the severe drought which forced farmers to resort to sisal processing and marketing for their livelihood. The highest surge in small-holder production was recorded in Nyanza Province.

Voi Sisal Estates suffered considerable damage from herds of elephants which ate and destroyed young sisal. The elephants moved from their usual habitat owing to the drought conditions.

During the year, action was taken to initiate measures to amend the Sisal Industry Act (Cap. 341). The main objective was to diversify Board's revenue sources and to streamline sisal marketing.

(b) Sisal Fibre Production

Production of sisal fibre, of all grades, in 1984 totalled 51,436 metric tons. Monthly sisal production averaged 4,286 metric tons with August recording the highest figure of 5,846 metric tons. November's production figure was the lowest at 2,968 metric tons.

Production figures for the two successive years by provinces were:-

Province	Production in 1983 (Metric tons)	Production in 1984 (Metric tons)
Coast	18,274	14,316
Rift Valley	13,760	14,849
Central	7,236	5,060
Eastern	3,258	4,620
Nyanza	7,250	12,591
	49,728	51,436

(c) **Sisal fibre Marketing**

The volume of exports of sisal from Kenya in 1984 was 35,505 metric tons. The corresponding figure for 1983 was 38,491 metric tons. Foreign exchange earned from the fibre exports was the equivalent of Ksh. 253,096,698. The value of exports was 7.8% higher than that of 1983.

The domestic market during the year consumed less sisal fibre than in 1983 - an actual decline of 15.9% from 9,030 metric tons in 1983 to 7,592 tons in 1984. This was largely due to the drought which affected the demand for grain gunny bags. The total value of the local fibre sales in 1984 was Ksh . 35,674,175.

All together, Kenya exported sisal fibre to thirty two countries. The most notable were Japan, Spain, U.S.S.R., United Kingdom , Italy, Denmark, Ireland, Yugoslavia, Portugal and Belgium.

(d) **Sisal Board Operations**

Following the earlier reduction of sisal production cess from Ksh. 30/= per ton to Ksh. 15= per ton, the Board experienced severe financial constraints. The cess rate had in fact to be restored to the old rate of Ksh. 30/= per ton to save the Board from financial collapse. This was however considered a temporary measure and steps were initiated as above to strengthen the Board's deteriorating financial position.

During the year, the Board published a booklet entitled. "The Sisal Industry in Kenya." The booklet was widely distributed and was well received by the Sisal Industry here at home and abroad.

The Board's four godowns in Mombasa continued to be leased to the Board's sisal marketing agents. The Board's Inspectorate which is housed in one of the godowns as usual conducted strict inspection of fibre before export. This contributed in no small measure to the high quality of Kenya's sisal fibre in the world market.

(e) The Future

There are hardly any prospects for establishment of new plantations in the country. If anything, the number of sisal estates will decline. Increased sisal production in the future will therefore depend on how well the Board and the Government succeed in developing small-holder sisal production in the form of sisal hedges and soil conservation rows; and possibly small sisal plots with farmers organized in groups especially in Eastern and Nyanza Provinces.

The small-holder produced sisal fibre grade - U.H.D.S. (Unwashed Hand Decorticated Sisal), is in demand both locally and overseas. In 1984 the small-holders produced a total of 14,162 metric tons. The Board has therefore made plans to increase the level of production of this grade of sisal fibre and to intensify marketing promotion overseas. Buying centres and sisal nurseries will be established in both Eastern and Nyanza Provinces when funds become available.

E.G. KARANJA
Chief Executive

SISAL BOARD OF KENYA

ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1984

CONTENTS

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA SISAL BOARD FOR THE YEAR ENDED 31ST DECEMBER, 1984

I have examined the Balance Sheet and the Income and Expenditure Account of the Kenya Sisal Board for the year ended 31st December, 1984 in accordance with the provisions of Section 10(1) of the Sisal Industry Act (Cap 341) as amended by the Exchequer and Audit (Amendment) Act, 1985. 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 accounts are in agreement therewith. In my opion, the accounts when read together with the notes thereof, present a true and fair view of the state of affairs of the Board as at 31st December, 1984 and of its Income and Expenditure for the year ended on that date. The following comments, however, apply:-

(1) **Delay in the Submission of the Accounts**

Section 10(4) of the Sisal Industry Act (Cap 341) requires the Board to submit a report of its operations during such year and the auditors report together with the yearly statement of Income and Expenditure, Balance Sheet and such other statements of acounts as the Minister may require, within a period of seven months after the end of each financial year. The board's accounts for the year 1984 were, however, submittedfor audit on 10th Febraury, 1986 or about six months after the statutory due date. The late submission not withstanding, the accounts of the Board which had been prepared by a part time Accountant contained many errors and had to be returned for amendment thereby resulting in further delay in the processing of those accounts.

(2) **Staff Debtors**

Included in the Debtors figure of Kshs. 591,240 (K£29,562) reflected in the Board's Balance Sheet as at 31st December, 1984 is an amount of Ksh.163,003.55 being outstanding staff debtors as at that date out of which Kshs. 63,211.00 and Kshs. 79,420.00 were being held by the former Chief Executive and his deputy respectively. The amount outstanding in respect of the former Deputy Chief Executive consisted of two car loan balances, the second car loan of Kshs. 90,000.00 having been approved in July, 1983 when the officer already had another outstanding car loan balance of Kshs. 9,027.75. No adequate explanation has been given as to why the officer was granted the second car loan before he had cleared the earlier loan. Further the car that was bought through the loan advance was not jointly registered in the name of the officer and the Board as is normally the requirement and although the officer is no longer serving with the Board it would appear that no adequate arrangement has been made regarding the recovery of the outstanding amount.

A.J. OKOTH

AUDITOR-GENERAL (CORPORATIONS)

2nd July, 1987

SISAL BOARD OF KENYA

BALANCE SHEET

31ST DECEMBER 1984

	NOTES	1984 K£	1983 K£
FIXED ASSETS	2	86,121	82,303
CURRENT ASSETS			
Stock		493	671
Debtors	3	29,394	24,701
Deposits		77,500	77,500
Bank and cash		880	2,473
		108,267	105,345
CURRENT LIABILITIES			
Creditors		14,926	21,705
NET CURRENT ASSETS		93,341	83,640
		179,462	165,943
Financed by:			
GENERAL FUND	4	179,462	165,943

Signed:

A.R.H. Abass

CHAIRMAN

E.G.KARANJA
CHIEF EXECUTIVE

SISAL BOARD OF KENYA

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1984

	NOTES	1984	1983
		K£	K£
INCOME			
Cess on production	1 & 5	50,524	36,830
Sundry credit		1,316	1,151
Fixed deposit interest receivable		12,031	13,450
Rent receivable		55,119	45,948
		118,990	97,379
EXPENDITURE			
Storage and Inspectorate expenses	6	22,546	51,967
Administration and general expenses	7	83,754	70,010
Conference expenses		3,075	500
		109,375	122,477
TRANSFERED TO GENERAL FUND	4	9,615	(25,098)

SISAL BOARD OF KENYA

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1984

1.ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The Board prepares the accounts on the historical basis of accounting.

(b) DEPRECIATION

Depreciation is calculated to write-off the cost of the assets on the reducing balance method at the following rates:-

Godowns.	3 %
Godown equipment	10 %
Inspectorate plant and equipment	10 %
Motor vehicles	25%
Office furniture and fittings	10%

(c) CESS INCOME

Cess income is calculated on sisal production. Cess is calculated at the rate of Shs. 15/- per ton upto August and Shs. 30/= per ton as from September, 1984.

(d) Stocks are shown at cost

2.FIXED ASSETS

	Godowns K£	Godown Furniture & Fittings K£	Motor Vehicle K£	Head-office Furniture & Fittings K£	A.S.K. Stand K£	Total K£
COST						
At 31st December 1983	148,101	16,931	6,500	4,880	3,820	180,232
Additions	7,050	-	-	-	-	7,050
At 31st December 1984	155,151	16,931	6,500	4,880	3,820	187,282
DEPRECIATION						
At 31st December 1983	75,004	13,185	5,849	2,526	1,365	97,929
Charge for year	2,404	391	163	235	39	3,232
At 31st December 1984	77,408	13,576	6,012	2,761	1,404	101,161
NET BOOK VALUE						
At 31st December 1984	77,743	3,355	488	2,119	2,416	86,121
At 31st December 1983	73,097	3,746	651	2,354	2,455	82,303

SISAL BOARD OF KENYA

NOTES TO THE ACCOUNTS (Continued)

3. DEBTORS

Included in debtors are car loans to the Chief Executive and his deputy amounting to K£ 7,668. The loans are repayable over 5 years and bear interest at 8 % per annum.

4. GENEREAL FUND

	1984 K£	1983 K£
At 31st December 1983 & 1982	165,943	191,041
Adjustments	3,904	-
Transfer from Income and Expenditure Account	9,615	(25,098)
	179,462	165,943

Adjustments include expenses
1983 accrued twice, which have been adjusted for with the opening balance of General Fund:-

	K£
Municipal rates	2,978
Audit fees	301
Travelling (local)	317
Others	308
	3,904

5.CESS ON PRODUCTION

	1984 K£	1983 K£
49,107 tonnes at Shs. 15 per ton	-	36,830
35,451 tonnes at Shs. 15 per ton	26,588	-
23,935 tonnes at Shs. 30 per ton	23,936	-
	50,524	36,830

SISAL BOARD OF KENYA

NOTES TO THE ACCOUNTS (Continued)

6. STORAGE AND INSPECTORATE EXPENSES	1984 K£	1983 K£
Land rent	40	884
Municipal rates	2,916	1,454
Fire Insurance	-	4,932
Building Maitenance	4,104	22,678
Equipment maintenance	981	397
Electricity	91	60
Water	33	23
Medical expenses	5	-
Sisal damage	-	147
Baling Materials	2,200	1,884
Baling machine oil	185	-
Bank charges	16	25
Sundry expenses	366	237
*Housing allowance	-	3,413
Stationery and Postage	556	191
Postage	-	43
*Salaries	-	7,056
Travelling expenses	975	680
Telephone and telegrams	589	611
Transport	50	41
*Wages	-	4,494
Godown Insurance	5,552	-
Staff welfare	1,036	-
Exhibitions and fairs	17	-
DEPRECIATION		
Godowns	2,404	2,261
Equipment and Furniture & fittings	201	-
Tools and equipment	20	417
Baling press	170	-
Stand premium	39	39
TOTAL STORAGE AND INSPECTORATE EXPENSES	22,546	51,967

SISAL BOARD OF KENYA

NOTES TO THE ACCOUNTS (Continued)

7. ADMINISTRATION AND GENERAL EXPENSES	1984 K£	1983 K£
Salaries and housing	42,858	20,384
N.S..S.F. Contributions	-	291
Wages and Uniforms	639	3,747
Members fees	40	686
Travelling expenses	7,293	13,405
Printing and Stationery	2,414	1,420
Water and Security	234	1,449
Electricity	76	55
Enterainment	523	679
Subscriptions	155	209
Audit fees	750	2,045
Postage, telephone and Cables	2,387	1,906
Insurances	-	2,067
Rates	289	495
Bank charges	90	129
General expenses	465	1,567
Exhibitions	262	207
Advertising	6,540	4,794
R.B.S. Contribution	-	844
Depreciation of office furniture and fittings	235	262
Legal expenses	300	-
Medical expenses	866	1,016
Accounting services	600	750
Motor vehicle expenses - depreciation	163	217
running	2,625	4 ,853
Publication	472	104
Furniture & fittings maintenance	-	501
Repairs & Renewals	181	1,009
Gratuity retirement benefits	1,487	1,919
Secretarial services	138	-
Employees welfare	1,137	-
Transport	3	-
Chaiman honoraria and allowances	4,378	-
Mileage claims	286	-
Travelling imprest	235	-
Repairs - A.S.K. Stand	438	-
Conference expenses	3,075	-
Office rent expenses	5,195	-
	86,829	70,010

SISAL BOARD OF KENYA