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Sisal Board of Kenya

**ANNUAL REPORT 1990
AND
ANNUAL AUDITED ACCOUNTS:
1989/90 FINANCIAL YEAR**

57.45
SBK



SISAL BOARD OF KENYA

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SISAL BOARD OF KENYA

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ANNUAL REPORT - 1990
SISAL BOARD OF KENYA

BOARD MEMBERSHIP-1990

CHAIRMAN

Joseph Kimtai Borter

MEMBERS

Joseph Wathua Kigwe

Hon. Mwacharo Kubo M.P.

Fritz Kaestli

Anthony George Combos

Constantine Emmanuel (Jan-Aug,1990)

Permanent secretary, Ministry of Agriculture

Permanent secretary, Ministry of Finance

Director of Agriculture

MANAGING DIRECTOR
(Board Member
and Secretary)

Eustace G. Karanja

REGISTERED HEAD OFFICE

Old Mutual Building, Kimathi Street,

P.O. Box 41179, NAIROBI

REGIONAL OFFICE

Kenya Sisal -Board Inspectorate
Mozambique Road,

P.O. Box 81764, MOMBASA.

REVIEW OF THE SISAL INDUSTRY - JANUARY TO DECEMBER, 1990

a). Sisal Production

Kenya's output of sisal continued to recover in 1990 as compared with the low levels of production realized in 1987 and 1988. The recovery actually started during the 1988/89 season as a result of good climatic conditions and in response to a sustained export demand and rising fibre prices. Production of small-holder sisal increased by a substantial margin of 1,142 tons of fibre over the figure for 1989.

A total of 39,617 metric tons of fibre and tow was produced during the year under review. This represents an increase in production amounting to 1,878 tons above the 1989 level. Output of small-holder sisal fibre totalled 3,776 tons.

Once again, the annual target for small-holder sisal production was not achieved. The board's plans aim at raising production of small-holder sisal back to the 1984 level when small scale farmers produced over 14,000 tons of fibre for both the domestic and overseas markets. Efforts will therefore be intensified to deal with the constraints affecting the planned expansion of the small-holder sisal production to about twenty five per cent of the total between the 1987/88 and 1992/93 seasons.

On a regional basis production of all grades of sisal fibre and tow during the last two calendar years was as follows:-

<u>Province</u>	<u>Production in 1989</u> (Metric tons)	<u>Production 1990</u> (metric tons)
Coast	15,197	15,889
Rift Valley	13,551	15,345
Central	2,696	2,182
Eastern	4,713	4,607
Nyanza	1,582	1,594
Total whole Country	<u>37,739</u>	<u>39,617</u>

b) Sisal Marketing and Manufactures

The upward trend in sisal fibre prices which began in mid 1988 continued throughout 1990 although there were signs of a slackening demand towards the end of the year. The increase in prices has been more marked for the lower grades, such that the differential between the 3L and UG grades narrowed from the level of about US \$100 in 1987 to around \$30 per ton in mid 1990. This narrowing of the gap, although tending to discourage high quality fibre output, is very welcome to the farmer in view of the ever rising sisal production costs.

During 1990, the country exported 30,829 metric tons of line fibre and tow. This figure is below the 32,223 tons exported in 1989 but the short fall is well compensated by the higher level of prices during the year 1990. Foreign exchange receipts from the sale of the fibre and tow in 1990 amounted to the equivalent of Ksh. 378,003,422. The corresponding figure for 1989 was Ksh. 318,460,343. The average price of exported fibre in 1990 was therefore Ksh. 12,262 per ton. The ten leading buyers of our sisal, by countries were, Japan, South Korea, United Kingdom; Egypt; U.S.S.R.; Spain; Taiwan; Belgium; Portugal and Pakistan in that order. All together however, thirty countries imported sisal fibre from Kenya in 1990.

Sales of sisal fibre in the domestic market were lower in 1990 than during the previous year. A total of 6,792 metric tons of fibre was sold to the local spinning mills. The value of these local sales was Ksh. 52,339,152. The average price of the largely small-holder sisal, in the domestic market was therefore Kshs. 7,706 per ton. In 1989, a total of 7,930 tons of fibre worth Ksh. 45,539,555 was sold to the domestic market.

The domestic sisal spinning factories produced a total of 4,213 tons of sisal manufactures. These consisted mainly of twine/yarn; coffee bags; tea harvest bags; rope and sisal cloth. Unfortunately the manufacture of sisal/jute grain sacks has been adversely affected by the problems facing the East African Bag and Cordage factory. In fact the country is currently not producing any sisal/jute grain sacks. This situation may soon cause a crisis in the supply of this essential item for the agricultural sector.

Export of sisal manufactures consisted mainly of twines/yarns and cloth. Special efforts will in future be made in order to ensure the use of greater amounts of sisal fibre locally for the manufacture of these and other sisal export items.

c). Sisal Board Operations

The Board's financial position improved substantially during 1990. As the accompanying audited accounts show, the Board did for the first time in many years, realize a surplus from the 1989/90 operational budget.

The Board is consequently already implementing a small-holder sisal rehabilitation and expansion project. The first phase of this project is covering South Nyanza and Kilifi districts. Plans are also underway to start a scaled-down project involving the re-establishment of sisal research which was virtually abandoned in 1974. The small research programme will include sisal clonal selection of two commercial species (Agave Sisalana and Hybrid 11 648), a sisal variety trials project; and a Gene Bank of agaves.

The Board will however continue to experience a shortage of funds for development and research purposes. This will in turn hamper efforts to boost sisal fibre production towards the target of slightly over seventy thousand tons by the year 2000.

E.G. KARANJA
MANAGING DIRECTOR

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE
ACCOUNTS OF THE KENYA SISAL BOARD FOR THE YEAR ENDED
30 JUNE, 1990**

I have examined the accounts of the Kenya Sisal Board for the year ended 30 June 1990 in accordance with the Provisions 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 are in agreement therewith and complies with Sisal Industry Act, (Cap 341).

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 Board as at 30 June 1990 and of its profit for the year ended on that date.

A.J. OKOTH

AUDITOR GENERAL (CORPORATIONS)

21 January, 1991

SISAL BOARD OF KENYA
BALANCE SHEET AS AT 30TH JUNE 1990

	<u>NOTES</u>	<u>1989/90</u>	<u>1988/89</u>
	(1 & 2)	<u>K£</u>	<u>K£</u>
FIXED ASSETS		539,423	529,822
CURRENT ASSETS			
-Stock	(1)	1,679	773
-Debtors	(3)	34,521	25,965
Bank & Cash	(4)	9,489	1,732
TOTAL CURRENT ASSETS		<u>45,689</u>	<u>28,470</u>
CURRENT LIABILITIES			
-Creditors	(5)	59,655	71,963
NET CURRENT ASSETS		<u>(13,966)</u>	<u>(43,493)</u>
SUSPENSE A/C	(6)	<u>37</u>	<u>173</u>
TOTAL NET ASSETS		<u>(13,929)</u>	<u>(43,320)</u>
		<u>525,494</u>	<u>486,502</u>
FINANCED BY			
REVALUATION RESERVE	(7)	377,176	377,176
GENERAL FUND	(8)	148,318	109,326
		<u>525,494</u>	<u>486,502</u>

SIGNED

E.G. KARANJA
MANAGING DIRECTOR

L.K. BORTER
CHAIRMAN

DATE: 28/8/90

SISAL BOARD OF KENYA
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
30TH JUNE 1990

<u>INCOME</u>	<u>NOTES</u>	<u>1989/90</u> <u>K£</u>	<u>1988/89</u> <u>K£</u>
Cess Income	(9)	55,478	55,397
Sundry Credit			12,192
Rent Income		78,241	78,242
Inspection service Charge	(10)	79,884	-
Export Licence fees	(11)	1,147	-
Rebaling Income		1,512	-
Miscellaneous Income	(12)	2,632	-
TOTAL INCOME		<u><u>218,894</u></u>	<u><u>145,831</u></u>
 <u>EXPENDITURE</u>			
Administrative and General Expenses	(13)	115,727	104,984
Personal Emoluments	(14)	63,957	59,660
TOTAL EXPENSES		<u><u>179,684</u></u>	<u><u>164,644</u></u>
 TRANSFERRED TO GENERAL FUND		 <u><u>39,210</u></u>	 <u><u>(18,813)</u></u>

SISAL BOARD OF KENYA

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1990

NOTE 1

ACCOUNTING POLICIES

(a) The board prepares its Accounts on the Historical basis of accounting.

(b) The Board depreciates its fixed assets on the reducing balance method at the following rates:-

(i)	Godowns	3%
(ii)	Godown Equipment	10%
(iii)	Inspectorate Plant an Equipment	10%
(iv)	Motor Vehicles	25%
(v)	Furniture, fittings & fixtures	10%
(vi)	Office block - Mombasa	3%

(c) The Board values its stock at cost price.

SISAL BOARD OF KENYA

NOTE 2 SCHEDULE OF FIXED ASSETS

Asset	Cost K£	Add. K£	Disp. K£	Accum. Dep. K£	Curr. Dep. K£	1988/89 Book Value K£	1989/90 Book Value K£
Godown I	222,590	-	-	10,351	6,367	212,239	205,872
Godown II	73,778	-	-	2,213	2,147	71,565	69,418
Godown III	163,599	-	-	5,465	4,744	158,134	153,390
Godown Iv	62,250	-	-	1,867	1,811	60,383	58,572
F.F.& E. (Godown)	18,232	1,803	-	15,143	324	3,089	4,568
office Block Msa	5,030	-	-	-	38	-	4,992
F.F.&E (H/O)	15,099	420	-	7,040	823	8,059	7,656
F.F.&E (M.D.'S RES)	900	-	-	-	15	-	885
Motor Vehicles	30,835	19,119	-	20,090	2,686	10,745	27,178
Show stand (MSA)	7,345	1,909	-	1,738	624	5,607	6,892
TOTALS	599,658	23,251	-	63,907	19,579	529,821	539,423

SISAL BOARD OF KENYA

NOTE 3

<u>DEBTORS</u>	<u>K£</u>
Cess and Rebalancing Debtors	9,716
Rent Debtors	2,828
Swife Limited	3,856
African Fibres Exporters Ltd	202
Agave	27
Agro Development	308
Banita Group	4,447
Epso	85
East African Bag & Cordage	224
Gicheha Farms	294
Kalimoni	30
Kilifi Plantations	64
Pelato Limited	225
Phoenix	109
S.G.S.	107
Standard Chartered Estate Management	3,400
Sulmac	453
Teita Estate	2,424
Taveta Sisal Estate	117
Vipingo Sisal Estate	6
Wellrum Exporters	1,012
Wigglesworth & Company	1,221
 <u>STAFF DEBTORS</u>	
Shem Goga	50
Kigonde N.F.	326
Kamau B.G.	1
Karanja E.G.	1,366
Kamweti S.N.	131

SISAL BOARD OF KENYA

Muiruri J.K	34
Ndava J.M	100
Ndava J.N.	387
Nyaga C.M.	125
Okul M.A.	38
Omonya C.B.	15
Oyugi M.O	30
Rimba E.B.	508
Tipape J.L.	100

Prepayments

Entertainment Allowance	55
Transport Allowance	100
	<u>34,521</u>

NOTE 4

BANK AND CASH BALANCES

Bank balance	8,866
Petty Cash Balance Nairobi	364
" " " Mombasa	259
	<u>9,489</u>

SISAL BOARD OF KENYA

NOTE 5

CREDITORS

K£

Creditors Control A/C

13,957

Payroll Creditors

Union 33

P.A.Y.E. 288

N.H.I.F. 295

Ukulima Co-op 278

Harambee Co-op 30

924

Kenya National Ass. Co.

4,820

Juja Caltex service Station

700

Wigglesworth Machinery

1,117

Triospan Ltd

584

Municipal Council of Mombasa

30,564

Associated Motors Nairobi

152

Jowan Agencies

213

Associated Motors Nakuru

118

John Ngotho Kibuiya

69

Pak Printers

371

Kenya posts & Telecommunications

135

Loise Mwari (Topside Tailors)

107

Kenya Times Media Trust

444

Gachuhi D.N.

50

Mutisya M.

5,330

59,655

SISAL BOARD OF KENYA

NOTE 6

SUSPENSE ACCOUNT

	<u>K£</u>
Balance brought forward	173
Add Debit Adjustments	<u>6</u>
	179
Less Credit adjustments	<u>194</u>
	(15)
Add Current years suspense	<u>52</u>
Balance carried forward	<u><u>37</u></u>

NOTE 7

REVALUATION RESERVE

This account arose as a result of the valuation of the Board's Godowns in Mombasa during the 1988/89 financial year.

NOTE 8

GENERAL FUND ACCOUNT

	<u>1989/90</u>	<u>1988/89</u>
	<u>K£</u>	<u>K£</u>
Balance brought forward	109,326	128,139
Transfer from Income and Expenditure account	39,210	(18,813)
Prior year Adjustment	(218)	-
Balance carried forward	<u><u>148,318</u></u>	<u><u>109,326</u></u>

SISAL BOARD OF KENYA

NOTE 9 CESS INCOME

Cess Income is charged on the farmers on the basis of Kshs. 30 per ton of sisal produced hence a total of 36,985 tons produced thus raising a gross income of K£ 55,478.

NOTE 10 INSPECTION SERVICE CHARGE

Inspection Service Charge is a new source of revenue that was identified in October 1989. This is based on 0.5% of the gross value of sisal exported. During the 1989/90 sisal worth K£15,976,800 was sold out of the country.

NOTE 11: EXPORT LICENCE FEES

This is also a new source of revenue that was identified in October 1989. This fee is based on a charge of KShs. 50 for every export licence processed. In 1989/90 a total of 459 export licences were processed thus giving a gross income of K£1,147.

NOTE 12 MISCELLANEOUS INCOME

Miscellaneous income is derived from licences granted to sisal estates to process sisal in their factories, licences for agencies (buying of sisal from the farmers), interest charge on staff advances (8%) and other sundry sources.

SISAL BOARD OF KENYA

ADMINISTRATIVE AND GENERAL EXPENSES

<u>NOTE 13</u>	<u>1989/90</u>	<u>1988/89</u>
	<u>K£</u>	<u>K£</u>
Loan interest	191	2,376
R.B.S. Premiums	6,616	2,879
Travelling and Accommodation	15,763	8,123
Entertainment Allowance	660	660
Transport allowance	1,200	-
Office Rent	9,215	15,256(Office& M.D 's Res.)
Rent M.D.'s Residence	8,400	-
General Insurance Premiums	8,169	7,241
Security expenses	1,297	1,674 (Water & Security)
Conservancy expenses	407	-
Electricity	502	640
Baling Press Running Expenses	4,129	3,279
Motor Vehicle running Expenses	8,596	6,405
Board Expenses	288	3,796
Sisal Damage claim	7	-
Newspapers & Publications	659	595
Tax penalty	1,064	-
Printing & Stationery	5,067	3,795(+ Uniforms)
Telephone Expenses	5,587	5,708(+Postage)
Trade Fairs & Exhibitions	1,061	790
Medical Expenses	2,123	1,923
Staff Uniforms	536	347 (+Welfare)
Repairs -A.S.K. Stand	375	1,634
Office Equipment	739	759
General	1,184	28
Subscriptions	586	417
Advertising & Publicity	2,893	1,357
Sitting Allowance	570	-
Sundry Expenses	1,249	1,596
Ground Rent	736	807
Donations	1,500	1,900

SISAL BOARD OF KENYA

ADMINISTRATIVE AND GENERAL EXPENSES

Postage	303	-
Transport expenses	714	19
Bank Charges	656	544
Miscellaneous Loss	600	-
N.S.S.F.	1,549	1,116
Servicing Charge	957	-
<u>Depreciation</u>		
Godowns	15,069	15,667
Motor Vehicles	2,686	3,282
F.F. & E. - (godown)	324	343
Office Block - (Msa)	38	-
F.F.& E. - (H/O)	823	896
F.F.& E. - (M.D.'s Res.)	15	-
Show Stand (Msa)	624	74
Mileage Allowance	-	533
Audit fees	-	500
Repairs & Maint. - Godown	-	530
Repairs & Maint. - Godown Equip.	-	442
Members fees	-	323
Rates	-	4,902
Legal Expenses	-	479
Gratuity & Retirement Benefits	-	1,049
	<u>115,727</u>	<u>104,984</u>

SISAL BOARD OF KENYA

<u>NOTE 14</u>	<u>PERSONAL EMOLUMENTS</u>	<u>1989/90</u> <u>K£</u>	<u>1988/89</u> <u>K£</u>
	Wages	920	-
	Salaries	45,585	59,660
	House Allowance	13,281	(Plus all other personal emoluments)
	Acting Allowance	873	-
	Bicycle Allowance	30	-
	Honorarium	3,000	-
	Overtime	268	-
		<u>63,957</u>	<u>59,660</u>





SISAL BOARD OF KENYA