

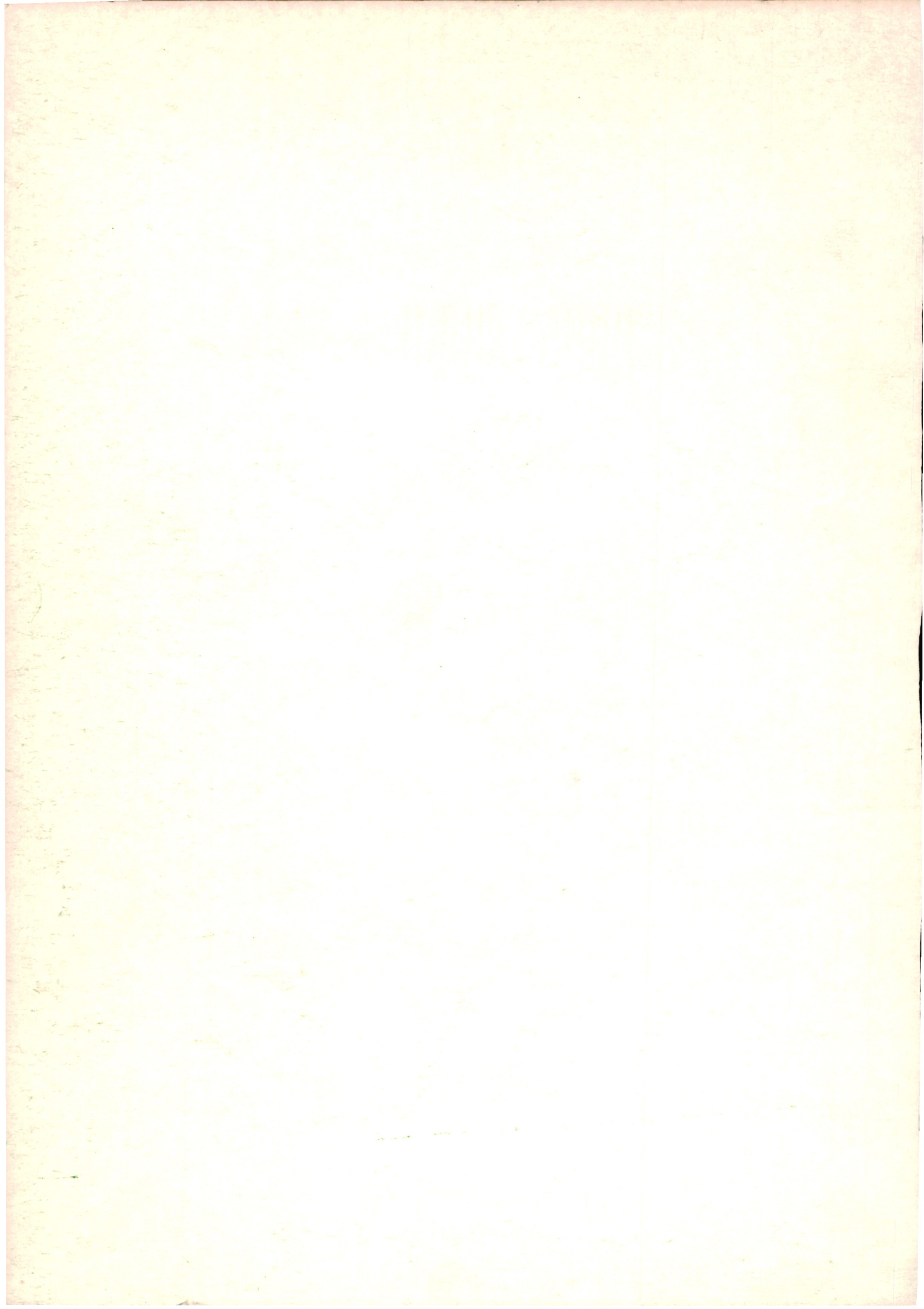
Library



33	
Speaker & A	Clerk Asst. IV
Clerk Asst. I	Members
Clerk Asst. II	Public
Clerk Asst. III	Printing

Sisal Board of Kenya

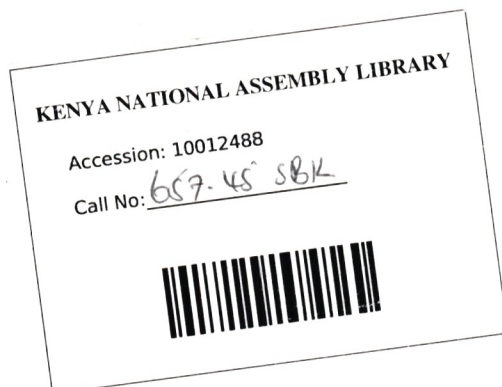
ANNUAL REPORT - 1991
AND
ANNUAL AUDITED ACCOUNTS:
1990/91 FINANCIAL YEAR



SISAL BOARD OF KENYA

ANNUAL REPORT - 1991 AND ANNUAL AUDITED ACCOUNTS: 1990/91 FINANCIAL YEAR

Annual Report	Page 1 - 3
Auditor's Report	Page 4
Balance sheet	Page 5
Income and Expenditure Account	Page 6
Notes to the Accounts	Page 7 - 13



SISAL BOARD OF KENYA

ANNUAL REPORT - 1991

BOARD MEMBERSHIP - 1991

Joseph Kimtai Borter	-	Chairman
Joseph Wathua Kigwe	-	Member
Hon. Mwacharo Kubo, M.P	-	„
Fritz Kaestli	-	„
Anthony George Combos	-	„
Permanent Secretary, Ministry of Agriculture	-	„
Permanent secretary, Ministry of Finance	-	„
Director of Agriculture	-	„
E.G. Karanja, Managing Director (Board Secretary)	-	„
Registered Head Office:	-	Old mutual Building, Kimathi Street P.O. Box 41179, NAIROBI.
Regional Offices:	-	Sisal Board Inspectorate, Mozambique Road, P.O. Box 81764, MOMBASA.
		Sisal Board of Kenya Field Office, Sonyaco Plaza, HOMA BAY.

SISAL BOARD OF KENYA

REVIEW OF THE SISAL INDUSTRY IN KENYA - 1991

a. Sisal Production

In spite of a dramatic slump in demand, with a corresponding steep decline in prices, production of Sisal in Kenya during 1991, registered a small increase over the 1990 level. A total of 39,800 metric tons of fibre and tow was produced. This compares with the 39,617 metric tons produced in 1990. The total production was however below the target of 45,000 metric tons set for the year under review.

The situation regarding small holder sisal unfortunately continued to be of great concern to the Board. After some encouraging signs of recovery in 1990, small-holder sisal production was very adversely affected by the contraction of the international trade in sisal fibre. Only 1,588 metric tons of the small-holder fibre grade (U.H.D.S.) was produced. This represents a decline of slightly over 50 percent when compared with the 1990 production. The Board's efforts to raise production of the small-holder sisal were therefore severely hampered by the sudden drop in the world demand of raw sisal fibre and sisal manufactures.

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

Province	Production in 1990	Production in 1991
Coast	15,889	15,709
Rift Valley	15,345	16,561
Central	2,182	742
Eastern	4,607	5,754
Nyanza	1,594	1,040
Total whole country	<u>39,617</u>	<u>39,800</u>

b. Sisal Marketing

After an upward trend in demand and sisal fibre prices, the situation in the world sisal market dramatically worsened during the first quarter of 1991. This had serious implications for the sisal industry in Kenya. Sales of Kenya's sisal fibre to the world declined to well below the annual average of 30,000 metric tons.

During 1991, the country exported 24,436 metric tons of fibre and tow. This figure compares unfavourably with the 30,829 metric tons exported in 1990. Foreign exchange receipts from the sale of the 1991 fibre and tow production amounted to the equivalent of Kshs. 329,031,385. The corresponding figure for 1990 was Kshs. 378,003,422. Considering the large and unexpected drop in world sisal prices, the sisal industry in Kenya therefore performed commendably. The policy of exporting only the best quality fibre continues to pay dividends. The Board's Inspectorate at Mombasa will therefore continue to apply strict quality control procedures for all exported sisal.

The ten leading country destinations for Kenya's sisal exports in 1991 were Portugal; South Korea; Japan; Taiwan; United Kingdom; Egypt; Belgium; Spain; Australia and Algeria in that order. Exports to the Eastern European countries dwindled substantially, with the most notable case being that of the former U.S.S.R. In fact the failure by Kenya to secure

the usual large sisal sale contract to the former U.S.S.R. represents the greatest part of the country's decline in sisal exports in 1991. Exports to the Ivory Coast and Pakistan were also unexpectedly low. The Pakistan market is especially important as an outlet for small-holder sisal.

Sales of sisal to the domestic market were encouraging, considering the state of the country's economy. A total of 6,063 metric tons of fibre was sold to the local spinning mills. The value of these local sales was Kshs. 49,056,332. In 1990, a total of 6,792 tons of sisal fibre worth Kshs. 52,339,152 was sold to the domestic market. The local sisal manufactures consisted mainly of twine/yarn; coffee bags; tea harvest bags; rope and sisal cloth. The manufacture of the sisal/jute combination grain bag has not yet resumed.

c. Sisal Board Operations

For the second year running, the Board realized a financial surplus from the 1990/91 operational budget. The result was achieved despite the worsening state of the sisal industry. The Board intends to maintain a small surplus situation in its revenue and expenditure account at the end of the current financial year and during the future years. This is a reversal of the period before the 1989/90 financial year.

It is planned that with a modest surplus in the operational budget, the Board will continue with the implementation of the small-holder sisal rehabilitation and the sisal research projects. The annual funding levels will however remain static during the current and the next two years i.e. a total of Kshs. 200,000 per year.

Pre-shipment inspection of sisal was and still remains one of the major roles of the Board. This has enabled the Board to continue to uphold the country's reputation as an exporter of some of the best sisal fibre in the world.

E.G. KARANJA
MANAGING DIRECTOR

SISAL BOARD OF KENYA

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE AC- COUNTS OF SISAL BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE 1991

I have examined the accounts of the Sisal Board of Kenya in accordance with Section 29 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 accounts are in agreement therewith and comply with the sisal Industry Act (Cap 341).

In my opinion, the Balance Sheet and the Income and Expenditure account, when read together with the notes thereon, present a true and fair view of the Board's state of affairs as at 30 June 1991 and of its surplus for the year ended on that date.

A.J. OKOTH
AUDITOR - GENERAL (CORPORATIONS)

19 December 1991

SISAL BOARD OF KENYA

BALANCE SHEET AS AT 30TH JUNE 1991

	NOTES	1990/91 K£	1989/90 K£
FIXED ASSETS	(1 & 2)	528,579	539,423
RESEARCH PROJECT	(3)	498	-
CURRENT ASSETS:-			
- Stocks	(4)	2,773	1,679
- Debtors	(5)	36,703	34,521
- Cash and bank	(6)	<u>5,555</u>	<u>9,489</u>
TOTAL CURRENT ASSETS		<u>45,031</u>	<u>45,689</u>
CURRENT LIABILITIES:-			
- Creditors	(7)	<u>49,828</u>	<u>59,655</u>
NET CURRENT ASSETS		(4,797)	(13,966)
SUSPENSE A/C		-	37
TOTAL NET ASSETS		<u>524,280</u>	<u>525,494</u>
FINANCED BY:			
REVALUATION RESERVE	(8)	377,176	377,176
GENERAL FUND	(9)	<u>147,104</u>	<u>148,318</u>
		<u>524,280</u>	<u>525,494</u>

SIGNED:

E.G. KARANJA
MANAGING DIRECTOR

J.W. KIGWE
BOARD MEMBER

DATE: 18TH DEC. 1991

SISAL BOARD OF KENYA

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1991

INCOME	NOTES	1990/91 K£	1989/90 K£
Cess Income	(10)	59,722	55,478
Rent Income	(11)	78,241	78,241
Inspection Service Charge Income	(12)	93,795	79,884
Licence Income	(13)	3,514	1,147
Rebaling Income		1,601	1,512
Miscellaneous Income		338	2,632
TOTAL INCOME		<u>237,211</u>	<u>218,894</u>
EXPENDITURE			
Administrative and General Expenses	(14)	146,949	115,727
Personal Emoluments	(15)	<u>84,953</u>	<u>63,957</u>
TOTAL EXPENSES		<u>231,902</u>	<u>179,684</u>
TRANSFER TO GENERAL FUND ACCOUNT		<u>5,309</u>	<u>39,210</u>

SISAL BOARD OF KENYA

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1991

NOTE 1 ACCOUNTING POLICIES

(a) The accounts have been prepared on the historical cost basis of accounting.

(b) The fixed assets have been depreciated on a reducing balance method on monthly basis at the following rates:-

(i) Godowns	3%
(ii) Godown equipments	10%
(iii) Inspectorate Plant and equipment	10%
(iv) Motor Vehicles	25%
(v) Furniture, fittings and fixture	10%
(iv) Office Block - Mombasa	3%

NOTE 2 SCHEDULE OF FIXED ASSETS IN K£

Asset	Cost	Add. 1990/91	Disp. 1990/91	Accum. Dep.	Curr. Dep.	1989/90 Book Value K£	1990/91 Book Value K£
	K£	K£	K£	K£	K£	K£	K£
GODOWN I	222,590	-	-	16,718	6,176	205,872	199,696
GODOWN II	73,778	-	-	4,360	2,213	69,418	67,205
GODOWN III	163,599	-	-	10,209	4,601	153,390	148,789
GODOWN IV	62,250	-	-	3,678	1,757	58,572	56,814
FURNITURE, FITTINGS AND EQUIPMENT:-							
GODOWN	20,035	1,000	-	15,467	514	4,568	5,054
OFFICE BLOCK - MOMBASA	5,030	-	-	38	149	4,992	4,843
FURNITURE, FITTINGS AND EQUIPMENT - HEAD OFFICE	13,745	1,493	-	7,863	834	7,656	6,540

SISAL BOARD OF KENYA

FURNITURE, FITTINGS AND EQUIPMENT - M/D'S RES.	900	320	-	15	120	885	1,085
MOTOR VEHICLES	49,955	-	-	22,776	6,794	27,178	20,384
ASK SHOW STAND MOMBASA	9,254	13,043	-	2,362	1,766	6,892	18,169
TOTALS	621,136	15,856	-	83,488	24,924	539,423	528,579

NOTE 3 SISAL RESEARCH PROJECT

The Board has started a sisal research project whose benefits are expected to accrue to the Sisal Industry in the long run. The costs incurred to this project have been capitalised however, no depreciation has been provided for it.

NOTE 4 STOCK

The stock mainly consists of rebaling ropes and baling press oils and consumable parts. The stocks are valued at cost price.

NOTE 5 DEBTORS

K£

Cess and rebaling debtors	13,060
Rent debtors	2,828
African Fibre Exporters	202
Agave Plantations	149
Banita Group	4,222
Epso Limited	214
Gicheha Farms	68
Kenya Trade and Development	6
Pelato	515
Phoenix	121
S.G.S. Ltd	85
Standard Chartered Estates Management	1,589
Sulmac	665
Teita Estates	2,338
Vipingo Estate	16
Well-run Exporters	766
Wigglesworth Exporters	3,730
Nyari Investments	1,060
Marwa	46
East African Fibre Exporters	34
George Scourbouts	13

SISAL BOARD OF KENYA

Staff debtors:-

Shem Goga	50
Kigonde N.F.	327
Kamau B.G.	1
Karanja E.G.	784
Omonya C.B.	10
Rimba E.B.	508
Gatheca F.M.	9
Cheruiyot J.K.	255
Kimata G.	141
Tiampati G.N.	40

Prepayments:-

Juja Caltex Service Station	1,500
Entertainment Allowance	110
Transport Allowance	200
Kenya Power & Lighting	107
Kenya Posts and Telecommunications	132
City Commission	120
Municipal Council of Mombasa	120
Municipal Council of Homa Bay	18
Kenya Trust Company	544

36,703

NOTE 6 CASH AND BANK BALANCES

	K£
Petty cash balance - Mombasa	61
Petty Cash balance - Nairobi	263
Bank Balance	<u>5,231</u>
	<u>5,555</u>

NOTE 7 CREDITORS

	K£
Creditors Control Account	14,765
Payroll Creditors:-	
Union Dues	33
Pay As You Earn	288
National Hospital Insurance Fund	1,365
Ukulima Co-operative	273
Harambee Co-operative	30
Municipal Council of Mombasa	20,792
John Ngotho Kibuiya	80
Kenya Posts and Telecommunications	362

SISAL BOARD OF KENYA

Jowan Agencies Ltd.	584
Service Charge Payable (H/Bay)	12
Ministry of Agriculture	1,568
Kenya Airways	3,053
Agro-Development	303
East African Bag & cordage	1,033
Neccael Stationers	325
Jostevex Printers	897
Kenya National Farmers union	260
securicor Alarms (K) Ltd.	57
Uncle James Ltd.	305
Doughty Ltd.	177
New Badhawi	117
Auditor General Corporations	500
Majani Mingi	1,285

Staff Creditors:-

Gachuhi D.N.	50
Ndava J.N.	4
Kabuthi M.W.	<u>1,310</u>
	<u>49,828</u>

NOTE 8 REVALUATION RESERVE

Revaluation Reserve of K£377,176 arose in the 1988/89 financial year following the revaluation of the four godowns in Mombasa.

NOTE 9 GENERAL FUND

	1990/91	1989/90
	K£	K£
Balance Brought forward	148,318	109,326
Prior Period Items	<u>(6,523)</u>	<u>(218)</u>
	141,795	109,108
Transfer from Income and Expenditure Account	5,309	39,210
	<u>147,104</u>	<u>148,318</u>

The prior period items of K£6,523 is the net balance arising from adjustments carried out in the debtors accounts Retirement Benefit Scheme premiums, fixed assets account and settlement of liabilities in respect of previous years that no provision had been made made.

SISAL BOARD OF KENYA

NOTE 10 CESS INCOME

Cess is levied on the farmers on the basis of K£1.5 for every ton of sisal produced. During the 1990/91 a total of 39,814 tons of sisal was invoiced earning the Board a cess revenue of K£59,722.

NOTE 11 RENTAL INCOME

Rental income of K£78,241 was earned from the Board's four godowns in Mombasa that are rented out to tenants which cover a total floor area of 89,047 square feet.

NOTE 12 INSPECTION SERVICES CHARGE

Inspection Service Charge is levied on sisal inspected by the Board and sold out both locally and overseas. During the 1990/91 financial year, sisal worth K£18,759,000 in value was sold both locally and overseas hence earning the Board an income of K£93,795 which is 0.5% of gross value of sisal sold.

NOTE 13 LICENCE INCOME

Licence income is derived from export licences at a rate of K£2.5 per licence on approval, licences granted to sisal estates to process sisal leaves in their factory and agency licence.

NOTE 14 ADMINISTRATIVE AND GENERAL EXPENSES

	1990/91	1989/90
	K£	K£
Loan Interest	-	191
R.B.S. Premiums	3,427	6,616
Travelling and Accomodation	10,345	15,763
Entertainment Allowance	660	660
Transport Allowance	1,200	1,200
Office Rent	10,233	9,215
Rent-M.D's residence	10,000	8,400
General Insurance Premiums	10,600	8,169
Security Expenses	1,487	1,297
Conservancy Expenses	503	407
Electricity Expenses	629	502
Baling Press running expenses	-	4,129
Rebaling Ropes Expenses	2,393	-
Baling Press Oil Expenses	500	-
Motor Vehicle Running Expenses	16,597	8,596
Board Members Expenses	2,282	288
Sisal Damage Claim	-	7
Newspapers and Publications	991	659
Tax Penalty	-	1,064
Printing and stationery	6,034	5,067
Telephone Expenses	6,975	5,587
Trade Fairs and Exhibitions	2,416	1,061

SISAL BOARD OF KENYA

Medical Expenses	2,762	2,123
Staff Uniforms	2,542	536
Repairs and Maintenance:-		
- Office Equip. - H/O	2,266	739
- Godowns	613	-
- Office Equip. - Inspectorate	470	-
- M/D's Residence	109	-
- A.S.K. show Stand	-	375
- General	-	1,184
Subscriptions	769	586
Advertising and Publicity	2,589	2,893
Sitting Allowance	-	570
Sundry Expenses	1,835	1,249
Land Rent	737	736
Donations	-	1,500
Postage	440	303
Transport Expenses	556	714
Bank Charges	803	656
Miscellaneous Loss	-	600
N.S.S.F.	1,591	1,549
Service Charge	258	957
Gratuity	5,023	-
Pension Contribution	2,091	-
Staff Training & Welfare	876	-
Subsistence Allowance	1,326	-
Legal Expenses	46	-
Leave Travelling Expenses	489	-
Overseas Conference expenses	6,030	-
Audit Fees	500	-
Suspense Account	32	-
Depreciation:-		
- Godowns	14,747	15,069
- Motor Vehicles	6,794	2,686
- furniture, fix. & Equip. - Godown	514	324
Office Block - Msa.	149	38
- Furniture, Fix. & Equip. - H/O	834	823
- Furniture, Fix. & Equip. - M/D's Res.	120	15
- A.S.K. Show Stand	1,766	624
	<u>146,949</u>	<u>115,727</u>

SISAL BOARD OF KENYA

NOTE 15

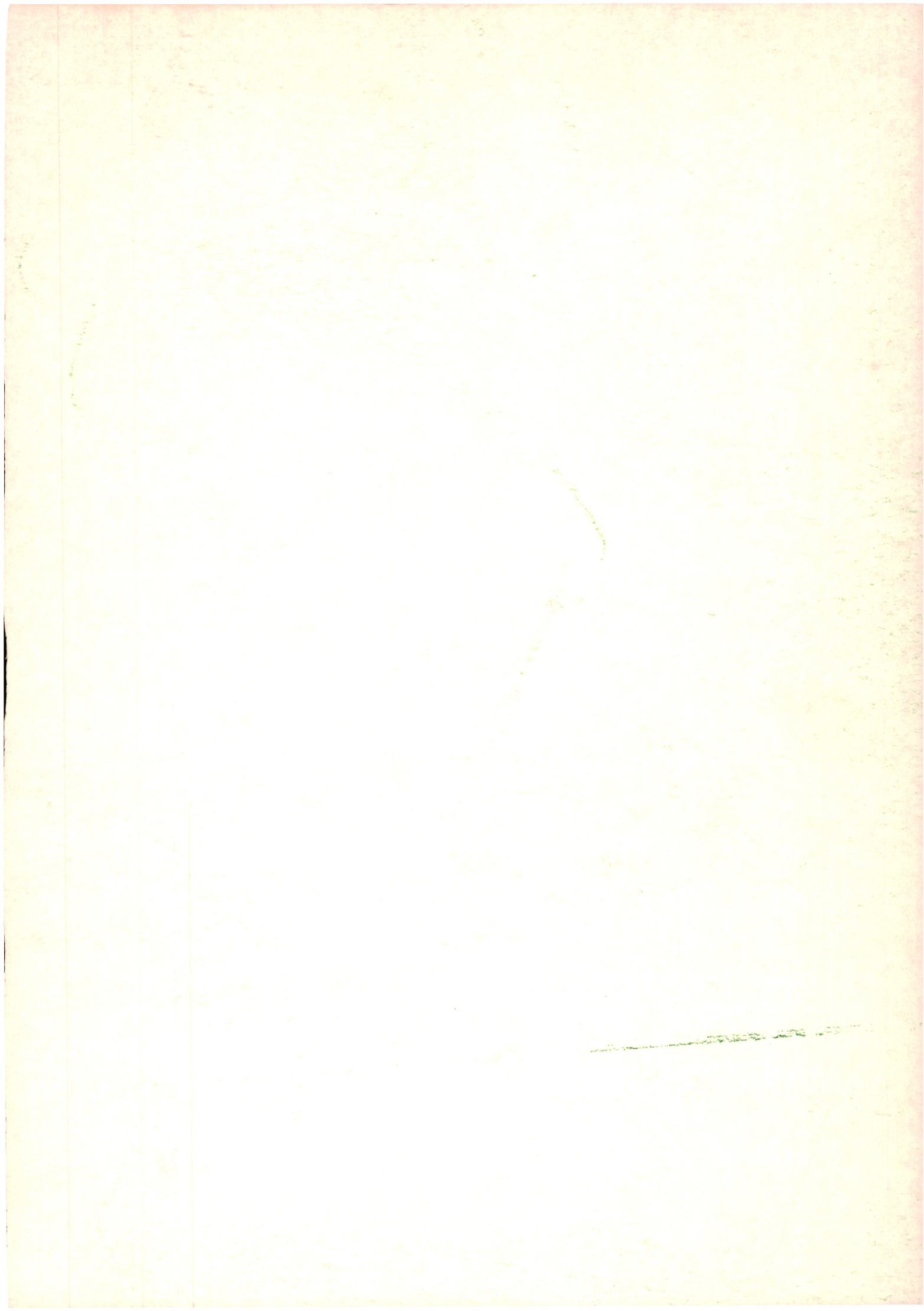
PERSONAL EMOLUMENTS

	1990/91	1989/90
	K£	K£
Wages	198	920
Salaries	61,787	45,585
House Allowance	19,608	13,281
Acting Allowance	24	873
Bicycle Allowance	30	30
honorarium	2,605	3,000
Overtime	701	268
	<u>84,953</u>	<u>63,957</u>

EMPLOYMENT AND STAFF COST

Category of Employment	1990/91	
	Number of Employees	Total Staff Costs in K£
1. Management	2	12,477
2. Skilled	19	49,361
3. Unskilled	21	20,510
Total	42	82,348

The employment and staff cost for 1990/91 is as indicated in the above table. During the financial year 2 unskilled employees left Board's service reducing the total number of employees to 40 as at the 30th June 1991 comprising of 2 in the management, 19 skilled and 19 unskilled categories. The gross staff costs of K£82,348 is excluding the chairman's Honorarium of K£2605 which constituted part of the gross amount in personal emoluments.





SISAL BOARD OF KENYA