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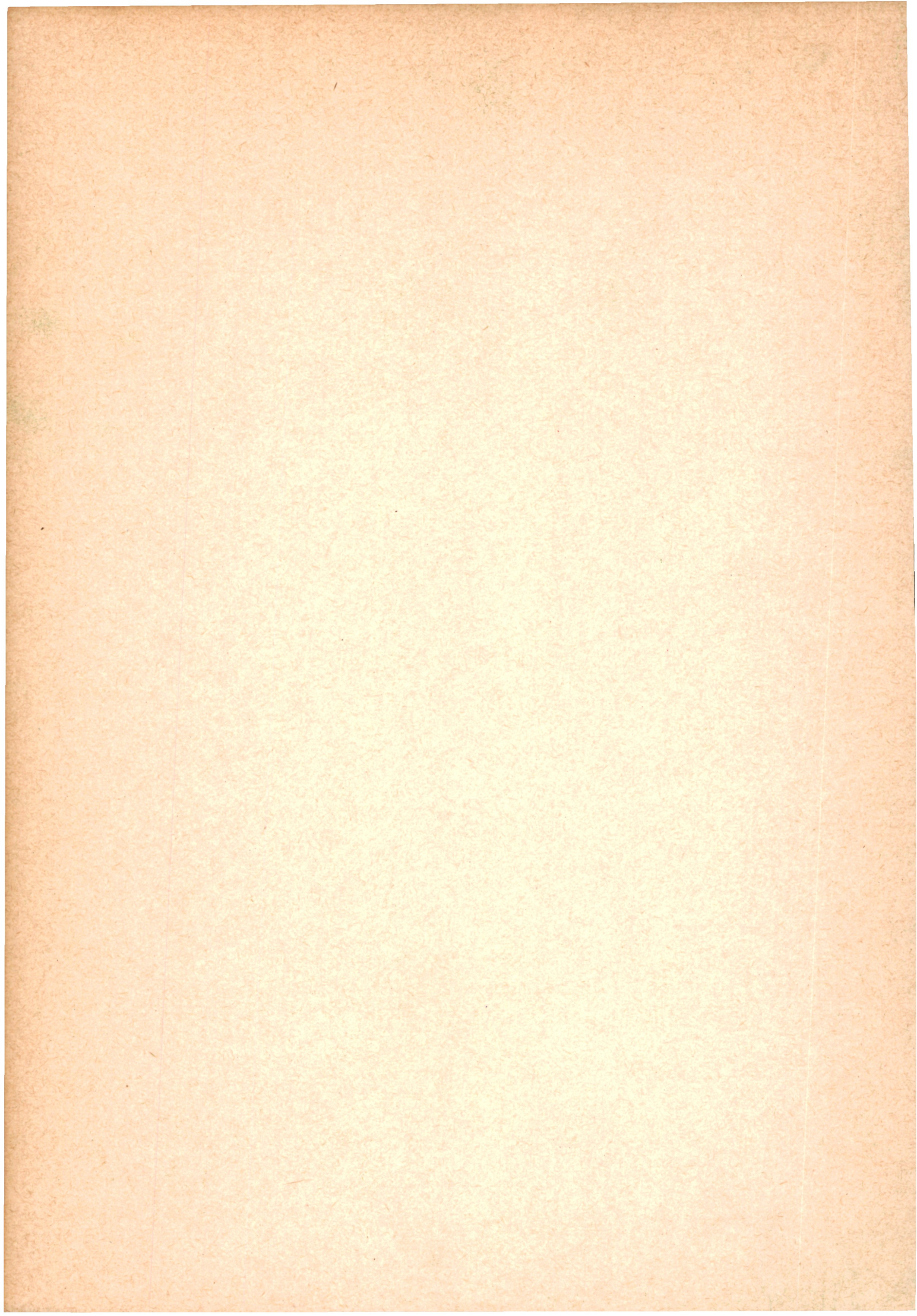


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Sisal Board of Kenya

ANNUAL REPORT - 1992
AND
ANNUAL AUDITED ACCOUNTS
1991/92 FINANCIAL YEAR

65




SISAL BOARD OF KENYA



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SISAL BOARD OF KENYA

ANNUAL REPORT - 1992

BOARD MEMBERSHIP

Joseph Kimtai Borter	-	Chairman
Mwacharo Kubo	-	Member
Kamau Rukungu	-	"
Abner Ochieng	-	"
Anthony George Combos	-	"
Fritz Kaestli	-	"
Jonathan Mutai	-	"
Permanent Secretary, Ministry of Agriculture	-	"
Permanent Secretary, Ministry of Finance	-	"
Director of Agriculture	-	"
Managing Director Sisal Board of Kenya	-	Member and 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, Sonyacco Plaza, HOMA BAY.

SISAL BOARD OF KENYA

REVIEW OF THE SISAL INDUSTRY - 1992

a) Sisal Production

There was a marked decline in Sisal fibre production in 1992. This was the result of the fall in demand and world market prices which continued to drop over the two year period - 1991 and 1992. A total of 34,148 metric tons of fibre and tow was produced. This compared unfavourably with the 39,806 tons produced in 1991.

Production of the small-holder sisal fibre grade (U.H.D.S) fell to the disappointing level of only 635 metric tons. This amounted to slightly less than half the tonnage produced in 1991. The problem of low world market price and contracted demand therefore continued to adversely affect the production of this agricultural commodity by the small-holder farmers based largely in Nyanza and Eastern Provinces.

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

Province	Production in 1991 (metric tons)	Production in 1992 (metric tons)
Coast	15,709	13,222
Rift Valley	16,561	14,797
Central	742	90
Eastern	5,754	5,422
Nyanza	1,040	617
Total whole country	39,806	34,148

b) Sisal Marketing

World demand for sisal fibre suffered a considerable relapse over the years 1991 and 1992. The impact of this trend in demand and consequent decline in prices was however less severe on Kenya than for other producing countries.

In fact Kenya's volume share of the world sisal fibre market increased markedly in 1992. The levels of prices realized were however the lowest for two decades. In effect, farmers had no option but to sell sisal fibre at greatly discounted prices. In 1992, the country's farmers exported 29,089 metric tons of fibre and tow. This figure is decidedly higher than the 24,436 metric tons exported in 1991. Nevertheless, foreign exchange receipts from the export sales amounted to the equivalent of KShs. 332,624,543 as compared with the equivalent of KShs. 329,031,382 realized from the sale of only 24,436 tons in 1991. Prices therefore continued a drastically falling trend between 1991 and 1992.

The ten leading export country destinations for Kenya's sisal fibre and tow in 1992 were Portugal, South Korea, Japan, United Kingdom, Taiwan, Spain, Egypt, Belgium, Australia and Pakistan in that order. Twenty one other countries however imported sisal fibre from Kenya. Omitted from the list are Russia and the rest of the former U.S.S.R. It is to be noted that these countries together constituted a sizeable market for our sisal only two years ago.

As in the case of overseas buyers, the domestic sisal spinners took advantage of the low sisal prices and increased their purchases of sisal fibre. A total of 7,407 metric tons of fibre was sold to the local factories as compared with 6,063 tons sold in 1991.

The domestic sales realized KShs. 70,111,992 for the sisal farmers.

c) Sisal Board Operations

In spite of reduced revenue receipts resulting from the low level of sisal prices, the Board continued to fully discharge its functions as required under the Sisal Industry Act (Cap. 341). An operational deficit of K£7,399 was consequently occasioned in the Board's Income and Expenditure Account for 1991/92 Financial year.

The Board's Inspectorate at Mombasa intensified its inspection procedures and quality control checks on exported sisal. The welcome result of all this was the rise in Kenya's share of the world's sisal fibre market at a time when world demand was rapidly declining.

As regards the Board's field activities, work on the small-holder sisal rehabilitation project continued but at a slow pace owing to lack of funds. A project planned for Gwasi Division of Homa Bay District will however be implemented during the next twelve months. The board also hopes to accelerate implementation of the sisal research project during the 1993/94 financial year.

E.G. KARANJA
MANAGING DIRECTOR

APPENDIX "A"

SISAL EXPORTS BY COUNTRY DESTINATIONS - 1992

COUNTRIES	METRIC TONS
AUSTRALIA	1,168
BELGIUM	1,465
CANADA	447
EGYPT	1,685
GREECE	167
W. GERMANY	256
ITALY	387
INDIA	194
ISRAEL	63
IVORY COST	220
JAPAN	2,801
JORDAN	32
LEBANON	96
MOROCCO	320
NETHERLANDS	164
NEWZEALAND	647
PAKISTAN	1,027
PHILLIPINE	416
PORTUGAL	4,908
ROMANIA	48
S. AFRICA	635
S. ARABIA	577
S. KOREA	4,521
SINGAPORE	128
SPAIN	1,732
SRI-LANKA	52
SYRIA	225
TAIWAN	2,013
THAILAND	60
TURKEY	388
UK	2,247
TOTAL	29,089
VALUE IN KSHS.	332,624,543.00

APPENDIX "B"

WORLD MARKET AVERAGE SISAL PRICES IN US\$ PER TON
F. O. B. MSA. PORT - 1992

MONTHS	GRADES - NO. 1	NO. 2	3 L	NO. 3	U G	UHDS	TOW I
JANUARY	600	450	445	410	400	300	290
FEBRUARY	510	500	430	390	395	270	330
MARCH	500	490	415	390	390	280	270
APRIL	450	430	410	370	375	280	230
MAY	535	520	390	370	350	290	270
JUNE	550	380	375	340	345	270	225
JULY	410	400	360	330	330	290	250
AUGUST	500	350	350	325	325	260	325
SEPTEMBER	520	350	340	325	320	250	200
OCTOBER	400	350	345	325	320	290	240
NOVEMBER	470	350	340	325	320	240	170
DECEMBER	500	360	345	340	330	290	—
ANNUAL AVERAGE	500	400	380	350	350	275	250

SISAL BOARD OF KENYA

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF SISAL BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE 1992

I have examined the accounts of the Sisal Board of Kenya in accordance with Section 29 (2) 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 1992 and its deficit for the year ended on that date.

A. J. OKOTH
.....

AUDITOR GENERAL (CORPORATIONS)

20 April 1993

SISAL BOARD OF KENYA

BALANCE SHEET AS AT 30TH JUNE 1992

	NOTES	1991/92	1990/91
		K £	K £
FIXED ASSETS	1 AND 2	519,307	528,579
RESEARCH PROJECT	3	516	498
SMALL-HOLDER PROJECT	4	264	
CURRENT ASSETS			
- Stocks	5	4,818	2,773
- Debtors and Prepayments	6	24,604	36,703
- Cash and Bank	7	4,979	5,555
TOTAL CURRENT ASSETS		34,401	45,031
CURRENT LIABILITIES			
Creditors	8	37,913	49,828
NET CURRENT ASSETS		(3,512)	(4,797)
TOTAL NET ASSETS		516,575	524,280
FINANCED BY:			
REVALUATION RESERVE	9	377,176	377,176
GENERAL FUND	10	139,399	147,104
		516,575	524,280

Signed

E. G. Karanja

.....
Managing Director

Date: 3rd November 1992
.....

J. K. Borter

.....
Chairman

SISAL BOARD OF KENYA

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1992

INCOME	NOTES	1991/92 K £	1990/91 K £
Cess Income	11	54,878	59,722
Rent Income	12	104,100	78,241
Inspection Service Charge Income	13	101,302	93,795
Licence Income		2,918	3,514
Rebaling Income		1,547	1,601
Miscellaneous Income		153	338
TOTAL INCOME		<u>264,898</u> =====	<u>237,211</u> =====
EXPENDITURE			
Administrative and General Expenses	14	157,815	146,949
Personal Emoluments	15	114,482	84,953
TOTAL EXPENSES		<u>272,297</u> =====	<u>231,902</u> =====
 TRANSFER TO GENERAL FUND ACCOUNT		 <u>(7,399)</u> =====	 <u>5,309</u> =====

SISAL BOARD OF KENYA

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1992

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 Equipments | 10% |
| (iv) | Motor Vehicles | 25% |
| (v) | Furniture, Fixtures and Fittings | 10% |
| (vi) | Office block - Mombasa | 3% |
| (vii) | A. S. K. Show Stand - Mombasa | 10% |

NOTE 2

SCHEDULE OF FIXED ASSETS IN K £

ASSET	Cost K £	Add 1991/92 K £	Disp. 1991/92 K £	Accum. Dep. K £	Curr. Dep. K £	1990/91 Book Value K £	1991/92 Book Value K £
Godown I	222,590	—	—	22,894	5,991	199,696	193,705
Godown II	73,778	—	—	6,442	2,012	67,205	65,324
Godown III	163,599	—	—	14,811	4,464	148,789	144,325
Godown IV	62,250	—	—	5,436	1,704	56,814	55,110
Furniture, Fittings & Equip. - Godown	21,035	117	—	15,980	508	5,054	4,663
— H/Office	15,138	684	—	8,523	703	6,540	6,596
— M/D's Res.	1,220	5,825	—	135	354	1,085	6,556
— Homa Bay	—	1,456	—	—	94	—	1,362
Office Block - Msa	5,030	—	—	188	145	4,843	4,697
A. S. K. Show Stand - Msa	22,296	5,822	—	4,137	2,301	18,169	21,680
Motor Vehicles — KXL 129	15,095	—	—	11,512	896	3,583	2,687
— KWU 589	15,739	—	—	13,277	615	2,462	1,847
— KAA 113P	19,119	—	—	4,779	3,585	14,340	10,755
TOTALS	636,889	13,904	—	108,114	23,372	528,580	519,307

NOTE 3 SISAL RESEARCH PROJECT

The Board has since the commencement of the above project incurred a sum of K £516. The benefits from the sisal research project are expected to accrue to the sisal industry in the long run. The costs incurred so far has been capitalised and no depreciation has been provided for.

NOTE 4 SMALL HOLDER PROJECT

The Board has started a small-holder sisal rehabilitation project whose main objective is to promote the sisal production by the small scale farmers. The board has so far spent a sum of K £264 in this project. This cost has also been capitalised and no depreciation provided for.

NOTE 5 STOCKS

Stocks consists of baling ropes, baling press oils and consumable parts and stationeries. The stocks have been valued at their cost price.

NOTE 6 DEBTORS AND PREPAYMENTS

Trade Debtors	K £
Agave Plantations	306
African Fibre Exporters	202
Banita Group	9
Epsa Limited	388
Gicheha Farms	90
Pelato Limited	1,447
Phoenix Limited	161
S. G. S. Limited	355
Standard Chartered Estate Management Services	3,765
Toplis and Harding Limited	20
Teita Estate	2,368
Vipingo Sisal Estate	6
Well run Exporters Limited	1,131
Wigglesworth Exporters Limited	6,334
Marwa - Adonnis	296
East African Fibre Exporters	49
George Scourboutsis	13
Premier Bag & Cordage	198
Chai Estate	6

NOTE 6 Contd.

Staff Debtors	K £
Karanja E. G.	746
Omonyo C. B.	9
Cheruiyot J. K.	103
Kimata G.	179
Wachira D. M.	413
Kamweti S. N.	185
Okul M. A	269
Gichane J. K.	110
Otieno C. O.	75
Njenga J. N.	116
Prepayments	
Entertainment Allowance	55
Transport Allowance	100
Kenya Posts & Telecomm. Corp.	132
City Commission	120
Municipal Council of Mombasa	120
Homa-Bay Municipal Council	18
Milligan and Company	510
Ruhle Africa Limited	4,200
	<u>24,604</u>

NOTE 7 CASH AND BANK BALANCES

	K £
Petty Cash balance - Mombasa	1
Petty Cash balance - Nairobi	1,122
Bank Balance	3,856
	<u>4,979</u>

NOTE 8 CREDITORS

Payroll Creditors	K £
Union Dues	33
Paymaster General	288
National Hospital Insurance Fund	2, 141
Ukulima Co-operative	273
Harambee Co-operative	30
Other Creditors	
Municipal Council of Mombasa	19, 347
John Ngotho Kibuiya	94
Kenya Posts and Telecom. Corp.	279
Jowan Agencies	421
Service Charge Due	21
Ministry of Agriculture	3, 804
Kenya Airways	3, 668
Doughty Limited	1, 028
New Badhawi Caltex Serv. Station	152
Auditor General Corporations	3,000
Majani Mingi	2, 248
Kilifi Plantations	250
Comtype Business System	83
New Stanley Hotel	168
Gewa Security	510
Staff Creditor	
Macharia K.	74
Ndava J. M.	1
	<hr/> <u>37, 913</u> <hr/>

NOTE 9 REVALUATION RESERVE

The Revaluation Reserve of K £377, 176 arose in the 1988/89 financial year following the revaluation of the Board's godowns.

NOTE 10**GENERAL FUND**

	1991 / 92 K£	1990 / 91 K£
Balance Brought Forward	147,104	148,318
Prior Period Adjustments	<u>(306)</u>	<u>(6,523)</u>
	146,798	141,795
Transfer from Income and Expenditure Account	<u>(7,399)</u>	<u>5,309</u>
Balance Carried Forward	<u><u>139,399</u></u>	<u><u>147,104</u></u>

The prior period adjustments item of K£ 306 is the net balance arising from the reconciliation of the debtors and creditors accounts with the control accounts and the adjustment for overprovision for depreciation in the previous years.

NOTE 11**CESS INCOME**

During the 1991/92 financial period a total of 36,585 metric tons of sisal was invoiced thus earning the Board a cess revenue of K£ 54,878. This reflects a drop of K£ 4,844 or 8% from the 1990/91 financial year when a total of 39,814 tons were invoiced earning the Board a sum of K£ 59,722.

NOTE 12**RENTAL INCOME**

During the 1991/92 financial year the Board earned a gross rental income K£ 104,100 from its rented godowns. This reflects an increase of 33% over the 1990/91 gross rental income of K£ 78,241

NOTE 13**INSPECTION SERVICE CHARGE**

The Board earned K£ 101,302 from this source of revenue during the 1991/92 financial year which is an increase of 8% over the 1990/91 income when K£ 93,795 was realised.

NOTE 14**ADMINISTRATIVE AND GENERAL EXPENSES**

	1991 / 92 K£	1990 / 91 K£
National Social Security Fund	1,860	1,591
Retirement Benefit Scheme	4,781	3,427
Pension Contribution	2,237	2,091
Service Charge	516	258
Medical Expenses	2,960	2,762

NOTE 14 Contd.

Repairs and Maintenance	5,975	3,458
Travelling and Accommodation	7,353	10,345
Security Expenses	2,048	1,487
Rent - Head Office	10,095	10,233
- Homa Bay	960	
- M/D's Residence	18,600	10,000
Conservancy Expenses	540	503
Motor Vehicle Run. Expenses	18,326	16,597
Staff Uniforms	1,541	2,542
Staff Training and welfare	1,209	876
Trade Fairs and Exhibitions	4,004	2,416
Telephone Expenses	9,018	6,975
Electricity Expenses	886	629
Bank Charges	1,055	803
Subsistence Allowance	1,149	1,326
Printing and Stationery	1,203	6,034
Postage Expenses	672	440
Sundry Expenses	2,262	1,835
Transport Expenses	295	556
Wages	395	-
Leave Travelling Expenses	548	489
Board Members Expenses	780	2,282
Newspapers and Publications	1,264	991
Entertainment Allowances	660	660
Transport Allowances	1,200	1,200
Subscriptions	763	769
Advertising and Publicity	2,277	2,589
Audit Fees	2,500	500
Overseas Conferences Expenses	6,999	6,030
Insurance Expenses	10,696	10,600
Baling Press Operating Expenses	2,618	2,893
Mileage Claims	55	-
Official Entertainment	35	-
Land Rates	4,108	-
Land Rent	-	737
Gratuity	-	5,023
Legal Expenses	-	46
Suspense Account	-	32
Depreciation	23,372	24,924
	<u>157,815</u>	<u>146,949</u>

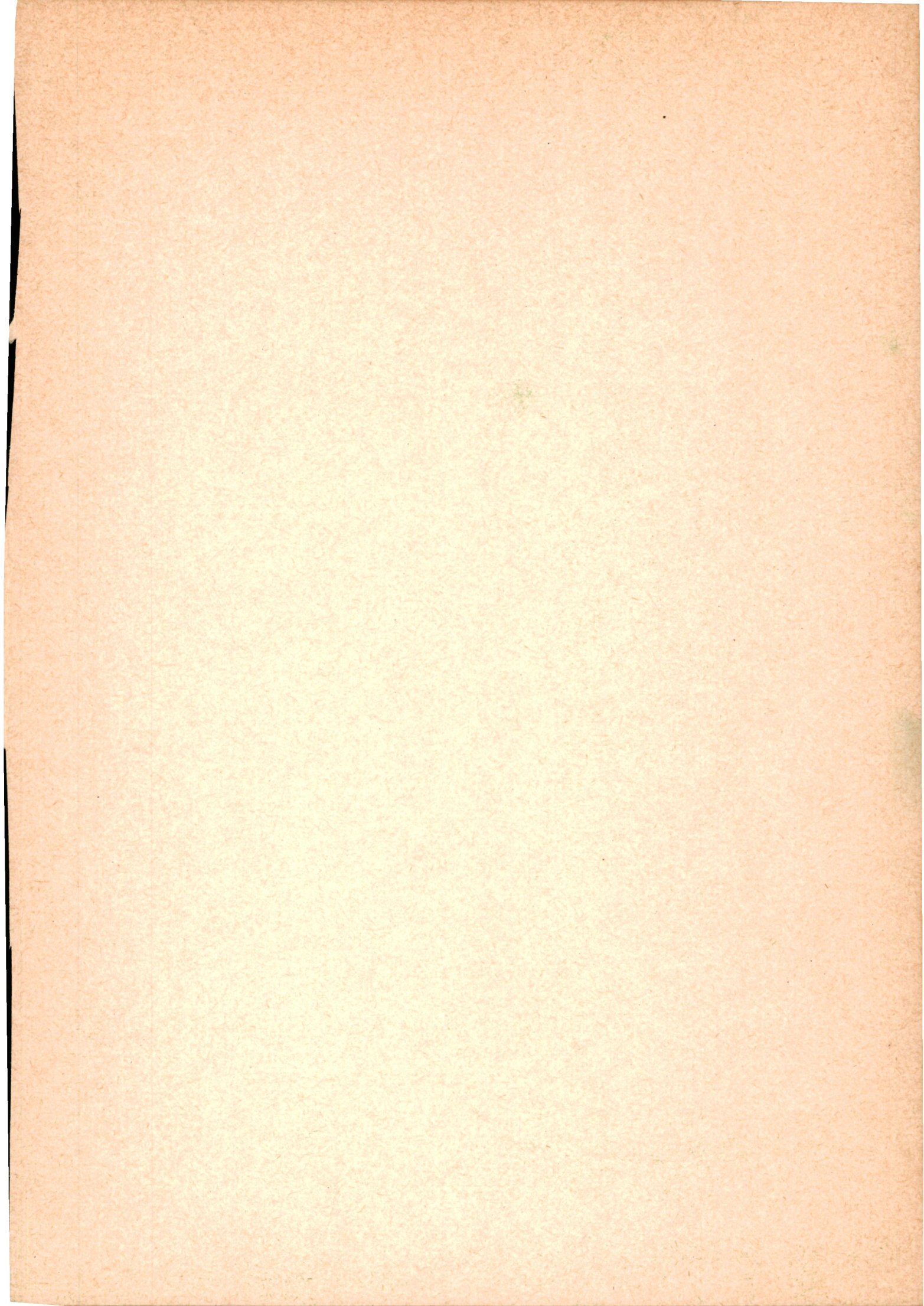
NOTE 15**PERSONAL EMOLUMENTS**

	1991 / 92	1990 / 91
	K£	K£
Wages	-	198
Salaries	86,220	61,787
House Allowance	25,158	19,608
Acting Allowances	422	24
Bicycle Allowances	30	30
Honorarium	2,000	2,605
Overtime	652	701
	<u>114,482</u>	<u>84,953</u>
	<u><u>114,482</u></u>	<u><u>84,953</u></u>

EMPLOYMENT AND STAFF COST

Category of Employment	1991 / 92	
	Number of Employees	Total Staff Cost in K£
1. Management	2	13,590
2. Skilled	21	70,450
3. Unskilled	22	28,442
TOTAL	45	112,482

The employment and staff cost for 1991 / 92 of K£ 112,482 as shown in the above table is exclusive of the Chairman's honorarium of K£ 2,000 paid during the year. During the year 2 unskilled and 1 skilled employees left the Board's service thus reducing the total number of employees to 42 as at 31st June 1992.





SISAL BOARD OF KENYA