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Sisal Board of Kenya

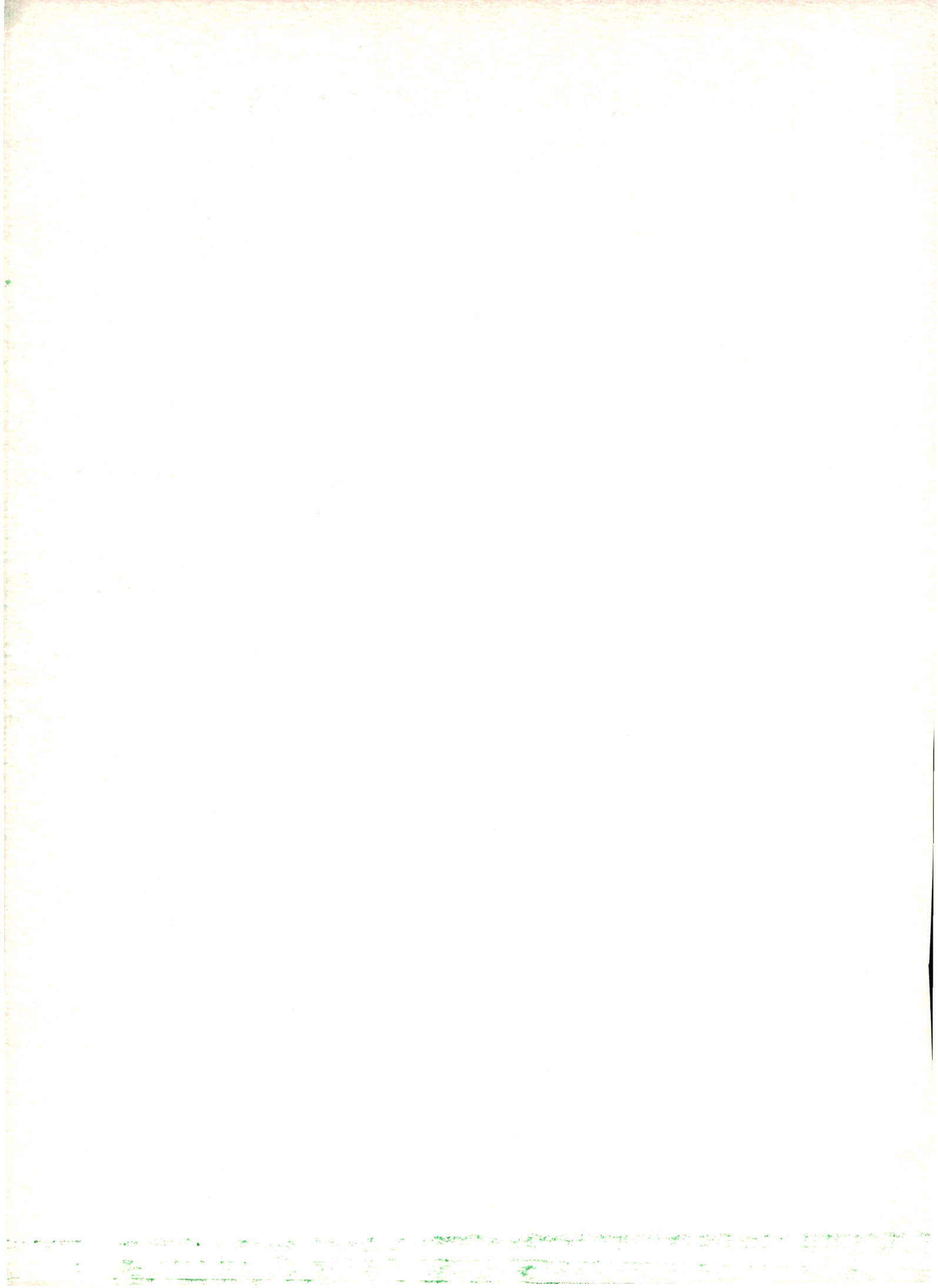
ANNUAL REPORT - 1994

AND

ANNUAL AUDITED ACCOUNTS

1993/1994 FINANCIAL YEAR

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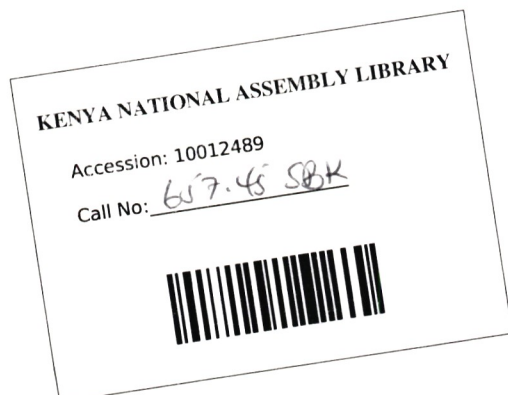


SISAL BOARD OF KENYA



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SISAL BOARD OF KENYA

ANNUAL REPORT - 1994

BOARD MEMBERSHIP

Harold Robert Mngoda	-	Chairman
Anthony George Combos	-	Member
Fritz Kaestli	-	"
Abner Ochieng	-	"
Erastus Kamau Rukungu	-	"
Hemed Said	-	"
Permanent Secretary, Ministry of Agriculture, Livestock Development and Marketing	-	"
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, P.O. Box 345, HOMABAY.

SISAL INDUSTRY REVIEW - 1994

(a) Sisal Production

There was a slight drop in the overall sisal fibre production compared to 1993. The 1993 production was 34,394 tonnes compared to 33,953 tonnes in 1994. The reason being that the farmers had not recovered fully from poor prices offered coupled with the depressed demand in the world market in 1991/92 and the first half of 1993. So farmers could not respond immediately to the favourable prices offered in the second half of 1993 and 1994.

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

<u>Province</u>	<u>Production in 1993 (Tonnes)</u>	<u>Production in 1994 (Tonnes)</u>
Coast	15,005	14,159
Rift Valley	14,356	13,295
Central	150	935
Eastern	4,278	4,473
Nyanza	605	1,091
Total Whole Country	34,394	33,953

(b) Sisal Marketing

Between 80-90% of all sisal fibre and tow produced in Kenya is exported overseas to over 30 countries every year. The rest is sold locally. In 1994 out of the total production of 33,953 tonnes a total of 26,315 tonnes were exported. The country earned Ksh. 689,046,615 in foreign exchange. In 1993 a total of 26,647 tonnes was exported earning the country an equivalent of Ksh. 684,709,697. In 1994 a total of 7,484 tonnes of sisal was sold locally earning the farmers Ksh. 188,472,024. 1994 earnings surpassed 1993 because of favourable prices in all the sisal grades. Our sisal fibre is still in high demand due to its high quality and wide spread of importing countries stretching from Europe to the Far East. Currently the average price of the popular grades UG and 3L stands at US\$510 per tonne f.o.b. Mombasa.

The top ten importers are South Korea, Portugal, Japan, United Kingdom, Spain, Belgium, Saudi Arabia, Philippines, Egypt and Taiwan in that order.

(c) Sisal Board Operational Results

In 1993/94 financial year the Board's revenue increased by 54% while expenditures went up by 40% compared to 1992/93 financial year. This increase in revenue was as a result of the increase in value of sisal exports due to the high exchange rate of the Kenya Shilling against the United States dollar (the major currency that the sisal exports is denominated in) that was prevalent in 1993/94. This meant a high increase in the inspection service charge collection. The adjustment of the rental charges on the Board's property also contributed to the increase in revenue. The increase in expenditures was reflective of the general level of the Board's activities coupled with the inflationary rate prevailing then. The Board was able to realise a surplus of K£36,176 from its operations in the 1993/94 financial year compared to the registered deficit of K£4,019 in 1992/93.

K.S. MUKUNA
MANAGING DIRECTOR

SISAL BOARD OF KENYA

APPENDIX "A"

SISAL EXPORTS BY COUNTRY DESTINATIONS- 1994

<u>COUNTRIES</u>	<u>TONNES</u>
AUSTRALIA	453
BANGLADESH	168
BELGIUM	2,104
CANADA	411
EGYPT	1,050
FRANCE	62
GERMANY	355
GREECE	45
HOLLAND	107
HONG-KONG	56
INDIA	106
ISRAEL	137
ITALY	215
IVORY COAST	122
JAPAN	2,313
JORDAN	32
MEXICO	567
MOROCCO	374
NETHERLANDS	215
NEW-ZEALAND	861
PAKISTAN	151
PHILIPPINES	1,248
POLAND	45
PORTUGAL	2,811
SAUDI ARABIA	1,252
SOUTH AFRICA	425
SOUTH KOREA	4,270
SPAIN	2,145
SRI-LANKA	108
SYRIA	339
TAIWAN	1,024
TURKEY	424
UNITED KINGDOM	2,309
YUGOSLAVIA	11
TOTAL	<u>26,315</u>
VALUE IN KSHS.	<u>689,046,615</u>

APPENDIX "B"

WORLD MARKET AVERAGE SISAL PRICES IN US\$ PER TONNE
F.O.B. MOMBASA PORT - 1994

MONTHS	GRADES							TOW 1
	NO. 1	NO. 2	3L	NO. 3	UG	UHDS		
JANUARY	575	---	545	515	490	395		275
FEBRUARY	607	525	545	500	490	400		250
MARCH	580	525	550	475	490	400		270
APRIL	600	525	550	480	490	400		270
MAY	---	535	555	475	490	400		280
JUNE	610	520	550	475	485	420		270
JULY	640	510	555	475	485	415		270
AUGUST	600	---	560	475	480	---		270
SEPTEMBER	---	505	545	475	480	410		---
OCTOBER	590	515	550	465	465	410		260
NOVEMBER	---	515	545	---	465	425		260
DECEMBER	640	---	545	465	445	415		275
ANNUAL AVERAGE	604	520	550	480	480	410		270

APPENDIX "C"

MONTHLY SISAL PRODUCTION IN TONNES BY GRADE - 1994

MONTHS	GRADES										TOTAL
	NO. 1	NO. 2	3L	NO. 3	UG	UHDS	TOW I	TOW II			
JANUARY	23	33	639	145	1,880	204	152	1			3,077
FEBRUARY	39	38	524	96	1,765	181	138	20			2,801
MARCH	25	53	447	82	1,710	290	176	5			2,788
APRIL	21	11	445	81	1,226	231	161	10			2,186
MAY	42	49	785	265	1,575	125	174	4			3,019
JUNE	36	24	1,122	74	1,587	136	192	6			3,177
JULY	19	33	1,053	212	1,398	150	200	8			3,073
AUGUST	22	44	928	329	1,490	8	217	2			3,040
SEPTEMBER	50	47	793	101	1,571	258	149	34			3,003
OCTOBER	47	64	669	88	1,211	290	178	3			2,550
NOVEMBER	34	36	807	121	1,242	70	166	---			2,476
DECEMBER	87	38	720	141	1,406	167	199	5			2,763
TOTAL	445	470	8,932	1,735	18,061	2,110	2,102	98			33,953

SISAL BOARD OF KENYA

REPORT OF THE AUDITOR - GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA SISAL BOARD FOR THE YEAR ENDED 30TH JUNE 1994

I have examined the accounts of Kenya Sisal Board for the year ended 30th June 1994 in accordance with section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I 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 Board 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 30th June 1994 and of its surplus for the year then ended.

W. K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

16th January, 1995

SISAL BOARD OF KENYA

BALANCE SHEET AS AT 30TH JUNE, 1994

	<u>NOTES</u>	<u>1993/94</u> K£	<u>1992/93</u> K£
FIXED ASSETS	(1 and 2)	558,407	509,956
RESEARCHPROJECT	(3)	-	516
SMALL-HOLDERPROJECT	(3)	-	391
CURRENT ASSETS			
- Stocks	(4)	3,631	5,625
- Debtors and Prepayments	(5)	24,415	27,906
- Cash and Bank Balances	(6)	23,565	14,515
TOTAL CURRENT ASSETS		<u>51,611</u>	<u>48,046</u>
CURRENT LIABILITIES			
- Creditors	(7)	10,561	56,729
NET CURRENT ASSETS		<u>41,050</u>	<u>(8,683)</u>
TOTAL NET ASSETS		<u>599,457</u>	<u>502,180</u>
FINANCED BY:			
REVALUATIONRESERVE	(8)	442,777	377,176
GENERAL FUND	(9)	145,160	108,239
F.A.O GRANT		11,520	16,765
		<u>599,457</u>	<u>502,180</u>

Signed

K.S. MUKUNA
MANAGING DIRECTOR

Date 29th September, 1994

H.R. MNGODA
CHAIRMAN

SISAL BOARD OF KENYA
INCOME AND EXPENDITURE
ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1994

		<u>1993/94</u>	<u>1992/93</u>
	<u>NOTES</u>	<u>K£</u>	<u>K£</u>
<u>INCOME</u>			
Cess	(10)	54,107	49,320
Rent	(11)	150,052	129,958
Inspection Service Charge	(12)	255,348	121,284
Licence Fees		4,297	3,376
Rebaling Charge		4,470	1,380
Miscellaneous		563	109
Extra Ordinary Gain	(13)	<u>1,357</u>	<u>-</u>
TOTAL INCOME		<u>470,194</u>	<u>305,427</u>
 <u>EXPENDITURE</u>			
Administrative and General			
Expenses	(14)	267,570	180,031
Personal Emoluments	(15)	<u>166,448</u>	<u>129,415</u>
TOTAL EXPENSES		<u>434,018</u>	<u>309,446</u>
 TRANSFER TO GENERAL FUND			
ACCOUNT		<u>36,176</u>	<u>(4,019)</u>

SISAL B [A [I [F KENYA

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1994

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) Furniture, Fixtures, Fittings and Equipment | 10% |
| (iii) Office Block - Mombasa | 3% |
| (iv) Motor Vehicles | 25% |
| (v) A.S.K. Show stand - Mombasa | 10% |
- (c) Revenues and expenses are recognised and matched with the period to which they accrue.

NOTE 2 - SCHEDULE OF FIXED ASSETS IN K£

ASSETS	Cost K£	Add. 1993/94 K£	Dispo- sals 1993/94 K£	Accum. Dep. K£	Curr. Dep. K£	1992/93 Net Book Value K£	1993/94 Net Book Value K£
Godown No. 1	222,590	---	---	34,696	5,637	187,894	182,257
" " 2	73,778	---	---	10,414	1,901	63,364	61,463
" " 3	163,599	---	---	23,604	4,200	139,995	135,795
" " 4	68,109	---	---	8,851	1,778	59,258	57,480
Furn., Fitt., and Equip - Inspectorate	21,174	---	---	16,956	422	4,218	3,796
-H/Off.	21,710	1,878	71	9,962	1,264	11,748	12,291
-M.D.'s Res.	7,842	9,194	6,897	1,137	1,183	6,705	7,819
-H/Bay	1,472	229	---	232	143	1,240	1,326
Office Block - Msa	5,030	---	---	474	137	4,556	4,419
A.S.K. Show Stand Mombasa	28,118	---	---	8,606	1,951	19,512	17,561
Motor Vehi. -KXL 129	15,095	17,889	---	13,080	504	2,015	19,400
-KWU 589	15,739	24,161	---	14,354	346	1,385	25,200
-KAA 113P	19,119	23,550	---	11,053	2,016	8,066	29,600
TOTALS	663,375	76,901	6,968	153,419	21,482	509,956	558,407

N/B - 1993/94 additions for motor vehicles - see note 8 below.

NOTE 3 - RESEARCH AND SMALL-HOLDER PROJECTS

Stagnation in the implementation of the two projects due to lack of adequate funding has necessitated the writing off of balances brought forward from the 1992/93 financial year of K£516 and K£391 incurred on sisal Research and Small-Holder Projects respectively.

NOTE 4 - STOCKS

Stocks consisting mainly of baling ropes and baling press oils have been valued at their cost price of K£3,054 and K£577 respectively.

NOTE 5 - DEBTORS AND PREPAYMENTS

	1993/94	1992/93
	<u>K£</u>	<u>K£</u>
Trade Debtors	17,345	14,792
Staff Debtors	2,903	7,539
Prepayments	4,167	5,575
	<u>24,415</u>	<u>27,906</u>

NOTE 6 - CASH AND BANK BALANCES

	1993/94	1992/93
	<u>K£</u>	<u>K£</u>
Petty Cash - Field Office (Homa Bay)	63	2
- Inspectorate (Mombasa)	34	33
- Head Office (Nairobi)	450	615
Bank Balance	23,018	13,865
	<u>23,565</u>	<u>14,515</u>

NOTE 7 - CREDITORS

	1993/94	1992/93
	<u>K£</u>	<u>K£</u>
Trade Creditors	4,735	7,786
Statutory	1,389	45,943
Staff Creditors	1,437	---
Provisions	3,000	3,000
	<u>10,561</u>	<u>56,729</u>

NOTE 8 - REVALUATION RESERVE

During the year the Board had its three vehicles valued by the Automobile Association thus resulting into an increase of K£65,600 in the value of all the vehicles.

NOTE 9 - GENERAL FUND

	1993/94	1992/93
	<u>K£</u>	<u>K£</u>
Balance Brought Forward	108,239	139,399
Prior Period Adjustments	745	(27,141)
	<u>108,984</u>	<u>112,258</u>
Transfer from Income and Expenditure Account	36,176	(4,019)
Balance Carried Forward	<u>145,160</u>	<u>108,239</u>

NOTE 10 - CESS INCOME

During the 1993/94 financial year a total production of 36,071 tonnes of sisal was invoiced for earning the Board a sum of K£54,107. This reflected an increase of K£4,787 or 10% over the previous financial year's revenue from this source.

NOTE 11 - RENT INCOME

The rental income of K£150,052 reflects an increase of K£20,094 which represents 16% over the previous year when a sum of K£129,958 was realised from this source. This increase is a result of an upward adjustment on the rental charges on the Board's godowns situated in Mombasa that was effected during the second half of the financial year under review.

NOTE 12 - INSPECTION SERVICE CHARGE

During the 1993/94 financial year the Board earned a sum of K£255,348 from this source of revenue. This reflects an increase of K£134,064 which represents an increase of 111% over the previous year's earnings when a sum of K£121,284 was received from this source. This huge increase is attributed to the remunerative prices in the World market coupled with high demand of the sisal fibre and the adverse effects on the exchange rate of the Kenya shilling against the US dollar in 1993/94.

NOTE 13 - EXTRA-ORDINARY GAIN

During the 1993/94 financial year the Board sold an assortment of household furniture whose net book value stood at K£6,969 for K£8,326, their cost price, thus realising a gain of K£1,357.

NOTE 14 - ADMINISTRATIVE AND GENERAL EXPENSES

	<u>1993/94</u>	<u>1992/93</u>
	<u>K£</u>	<u>K£</u>
National Social Security Fund	1,862	1,896
Retirement Benefit Scheme	13,792	10,233
Pension Contribution	1,442	2,444
Service Charge	774	516
Medical Expenses	5,933	3,693
Repairs and Maintenance	11,496	6,680
Travelling and Accommodation	9,680	5,380
Security Expenses	2,066	1,045
Conservancy Expenses	1,284	781
Rent	27,746	30,509
Motor Vehicles Running Expenses	39,505	20,164
Staff Uniforms	3,785	201
Staff Training and Welfare	1,244	—
Trade Fairs & Exhibitions	3,391	2,525
Telephone Expenses	13,498	10,052
Electricity Expenses	1,324	843

Bank Charges	1,976	1,307
Subsistence Allowance	1,591	1,060
Printing and Stationery	10,617	6,560
Postage Expenses	1,299	894
Sundry Expenses	5,629	3,217
Transport Expenses	670	177
Wages	407	605
Leave Travelling Expenses	1,347	879
Board Members Expenses	4,713	5,435
Newspapers and Publications	2,162	1,707
Subscriptions	1,788	786
Advertising and Publicity	944	---
Audit Fees	3,000	2,500
Overseas Conference Expenses	18,234	7,836
Insurance Expenses	13,703	8,806
Baling Press Operating Expenses	13,261	3,069
Mileage Claims	178	338
Official Entertainment	---	143
Land Rates	12,842	8,078
Land Rent	7,537	2,512
Penalties/Interest	4,361	3,334
Sisal Research Project	516	---
Small - holder Rehabilitation Project	491	---
Transport Allowance	---	1,200
Entertainment Allowance	---	680
Depreciation	21,482	21,946
	<u>267,570</u>	<u>180,031</u>

NOTE 15 - PERSONAL EMOLUMENTS

	1993/94	1992/93
	<u>K£</u>	<u>K£</u>
Salaries	116,311	98,924
House Allowance	31,588	25,586
Acting Allowance	835	852
Bicycle Allowance	30	30
Honorarium	3,083	3,000
Overtime	1,182	1,023
Drivers/Watchmen Allowance	575	---
Entertainment Allowance	852	---
Transport Allowance	1,135	---
Gratuity	10,857	---
	<u>166,448</u>	<u>129,415</u>

Category of Employment	1993/94	
	Number of Employees	Total Staff Cost in K£
1. Management	7	55,669
2. Skilled	20	78,324
3. Unskilled	16	29,372
Total	43	163,365

The employment and staff costs as tabulated above is exclusive of the Chairman and his respective honorarium expenditure of K£3,083 incurred during the financial year. During 1993/94, 2 management, 1 skilled and 2 unskilled employees left the Board's service thus reducing the total number of employees to 38 as at 30th June, 1994.