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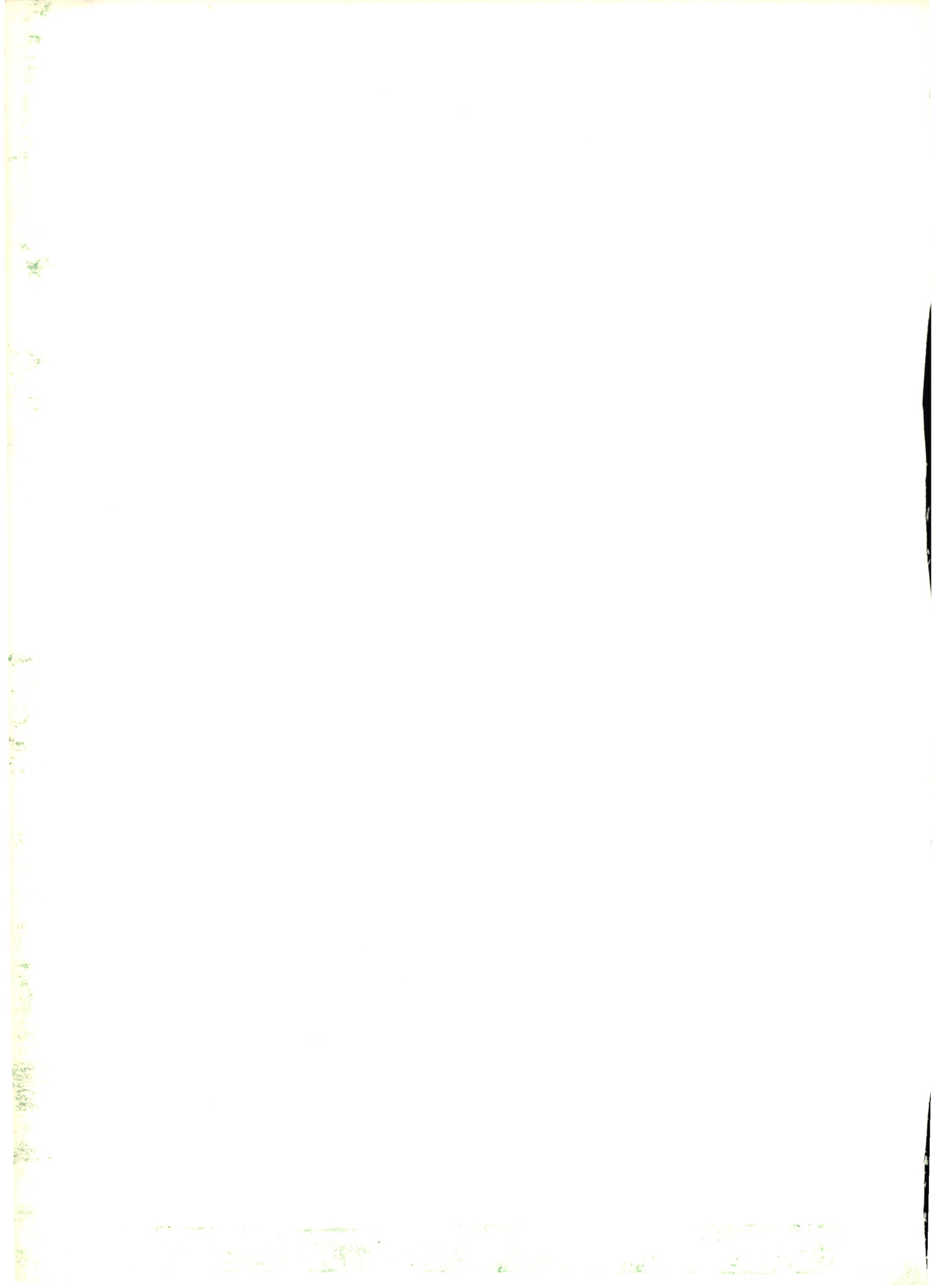
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Sisal Board of Kenya

**ANNUAL REPORT 1988
AND
ANNUAL AUDITED ACCOUNTS:
1987/88 FINANCIAL YEAR**

5745
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SISAL BOARD OF KENYA

BOARD MEMBERSHIP - 1988

CHAIRMEN

A.R.H. Abass (Jan. - May, 1988)

Joseph Kintai Borter (May - December, 1988)

MEMBERS

Joseph Wathua Kigwe

Hon. Mwacharo Kubo, M.P.

Fritz Kaestli

Anthony George Combos

Constantine G. Emmanuel

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.

INSPECTORATE

- Kenya Sisal Board Inspectorate, Mozambique Road,
P.O. Box 81764, MOMBASA.

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REVIEW OF THE SISAL INDUSTRY - JANUARY TO DECEMBER, 1988

(a) Sisal Fibre Production

As a result of good weather and a welcome improvement in the prices of sisal fibre in the world market throughout the second half of 1988, the falling trend in production which started in 1985 was virtually reversed. Sisal production in 1988 almost equalled that of 1987. A total of 36,972 metric tons of sisal fibre and tow was produced as compared to 37,024 in 1987. This level of production was realized in spite of the loss of Samar sisal Estate which was sold to an agricultural farming company and the Murang'a County Council.

The highest monthly production was obtained during the month of March when 3,351 metric tons of sisal fibre and tow was processed. On the other hand, the lowest monthly production was recorded during the month of February: 2,815 metric tons.

On a regional basis, production comparison figures for the two successive years are as follows:-

Province	Production in 1987 (Metric Tons)	Production in 1988 (Metric Tons)
Coast	13,923	13,460
Rift Valley	13,730	14,648
Central	5,132	4,195
Eastern	3,253	4,195
Nyanza	986	1,294
	<hr/> 37,024 <hr/>	<hr/> 36,972 <hr/>

(b) **Sisal Fibre Marketing**

During the year 1988, Kenya's exports of sisal fibre and tow totalled 30,701 metric tons. Foreign exchange earned from the sale of the processed line fibre and tow was an amount equivalent to KSh. 232,890,593. The corresponding figures for 1987 were 28,493 metric tons and the equivalent of KSh. 200,048,211 in foreign exchange. While the increase in marketed volume of fibre was relatively small, the increase in value of the fibre was substantial. This was the result of a welcome rallying of prices for much of the year 1988. The annual average price of Kenya's sisal fibre in 1988 was KSh. 7,586 per metric ton. This was considerably higher than the figure of KSh. 7,020 for 1987; an eight per cent increase in the average price.

There was a marked decline in the domestic consumption of sisal fibre and tow. This was attributed largely to the problems facing the traditional spinner - Messrs. E.A. Bag and Cordage Company Limited. The firm was reportedly affected by the importation of gunny bags and had to close its gunny bag manufacturing unit. Nevertheless, the firm together with other two spinners (Teita Rope Works Division of Nairobi, and the Majani Mingi Sisal Estate Spinning Factory near Nakuru) managed to purchase a total of 6,017 metric tons of fibre and tow valued at KSh. 45,644,962.

In exporting over 30,000 metric tons of fibre, the country maintained its position as a reliable supplier of the best quality sisal fibre to the world. Kenya's good name was upheld in spite of the tight supply situation, resulting in worldwide shortage of the popular grades of sisal and henequen fibre and manufactured products. All together, the country exported sisal to thirty one countries in 1988. Notable among these were Japan, United Kingdom, U.S.S.R., Spain, Portugal, Italy, Ivory Coast, South Korea and Pakistan.

(c) **Sisal Board Operations**

The tight financial situation facing the Board worsened during the year. The Board therefore continued to suspend all new development projects including the proposed small-scale sisal rehabilitation project and the research centre projects.

The audited accounts for the 1987/88 financial year show a deficit of K£23,485. The corresponding figure for the 1986 /87 financial year was K£17,005. These deficits are largely due to falling annual revenues and the ever rising annual expenditures. At a period when expenditure rose substantially every succeeding year, production cess revenue between 1984 and 1988 fell by 35 per cent.

Faced with the deteriorating financial situation, the Board has had to default in some of its financial commitments for a number of years now. It has also not been possible for the Board to maintain a reserve fund.

E.G. KARANJA
MANAGING DIRECTOR

SISAL BOARD OF KENYA

ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1988

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**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE
ACCOUNTS OF THE KENYA SISAL BOARD FOR THE YEAR ENDED
30TH JUNE, 1988**

I have examined the Balance Sheet and Income and Expenditure Account of the Kenya Sisal Board in accordance with the provisions of Section 10 (1) of the Sisal Industry Act, (CAp 341) as amended by 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 accounts have been kept and the accounts are in agreement therewith.

The Board would appear to have exercised inadequate budgetary control over its expenditure during the year under review which resulted in excess expenditure over the approved budget totalling K£62,766 on some 25 items of expenditure. Apart from the fact that the excess expenditure contributed to the deteriorated operating results reflected on the accounts as a deficit of K£23,485 against previous year's deficit of K£17,005, no covering Board's approval was seen for the excess expenditure. The Board has explained that the excess expenditure resulted from unforeseen expenses at the time of budgeting and also from under-estimation.

Except for the above reservation, in my opinion, the Balance Sheet and the Income and Expenditure Account, when read together with the notes thereon, give a true and fair view of the state of affairs of the Board as at 30th June, 1988 and of its deficit for the year ended on that date.

A.J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)
20TH March, 1989

SISAL BOARD OF KENYA
BALANCE SHEET 30TH JUNE 1988

	NOTES	1987/88 K£	1986/87 K£
FIXED ASSETS	(2)	<u>173,036</u>	<u>163,790</u>
CURRENT ASSETS			
Stock	(1)	826	333
Debtors		26,456	33,659
Bank & Cash		<u>262</u>	<u>7,748</u>
		<u>27,544</u>	<u>41,740</u>
CURRENT LIABILITES			
Creditors		<u>71,973</u>	<u>62,076</u>
Net Current Assets		<u>(44,429)</u>	<u>(20,336)</u>
		<u>128,607</u>	<u>143,454</u>
Financed by:-		<u> </u>	<u> </u>
GENERAL FUND	(3)	<u>128,607</u>	<u>143,454</u>
SIGNED;		<u> </u>	<u> </u>
J.K. BORTER			
CHAIRMAN			
SIGNED:			
E.G. KARANJA			
CHIEF EXECUTIVE			

SISAL BOARD OF KENYA

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1988

	NOTES	1987/88 K£	1986/87 K£
INCOME	(1 & 4)		
Cess on Production		57,177	58,043
Sundry Credit		7,233	5,401
Fixed deposit interest receivable			625
Rent receivable		<u>78,242</u>	<u>68,990</u>
		<u>142,652</u>	<u>133,059</u>
EXPENDITURE			
Administration & General Expenses	(5)	108,818	99,722
Personal Emoluments	(5)	<u>57,319</u>	<u>50,342</u>
		<u>166,137</u>	<u>150,064</u>
TRANSFERRED TO GENERAL FUND	(3)	(23,485)	(17,005)

SISAL BOARD OF KENYA

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1988

1. ACCOUNTING POLICIES

(a) 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 Equipment	10 %
Motor Vehicles	25 %
Office Furniture & Fittings	10 %

(c) CESS INCOME

Cess income is calculated on sisal production.

Cess is calculated at the rate of KShs. 30/= per tonne.

(d) Stocks are shown at cost.

SISAL BOARD OF KENYA

2. FIXED ASSET SCHEDULE

	Godowns	Godown Furniture & Fittings	Motor vehicle	Head-Office Furniture & Fittings	A.S.K. Stand	Total
COST	K£	K£	K£	K£	K£	K£
30/6/87	211,319	17,370	30,835	14,617	7,345	281,486
Additions	<u>18,618</u>	<u>863</u>	-	<u>330</u>	-	<u>19,811</u>
30/6/88	<u>229,937</u>	<u>18,233</u>	<u>30,835</u>	<u>14,947</u>	<u>7,345</u>	<u>301,297</u>
DEPRECIATION						
At 30/6/87	84,784	14,427	11,732	5,164	1,589	117,696
Charge for year	<u>4,340</u>	<u>381</u>	<u>4,776</u>	<u>978</u>	<u>74</u>	<u>10,549</u>
At 30/6/88	<u>89,124</u>	<u>14,808</u>	<u>16,508</u>	<u>6,142</u>	<u>1,663</u>	<u>128,245</u>
2. NET BOOK VALUE						
At 30/6/88	140,797	3,425	14,327	8,805	5,682	173,036
At 30/6/87	126,535	2,943	19,103	9,453	5,756	163,790
3. GENERAL FUND						
			1987/88 K£		1986/87 K£	
At 30th June			143,454		154,522	
Transfer from Income & Expenditure			(23,485)		(17,005)	
Prior year adjustments			8,170		200	
Suspense A/C			468		3,937	
			<u>128,607</u>		<u>143,454</u>	
4. CESS ON PRODUCTION						
			1987/88 K£		1986/87 K£	
39,895 tonnes at Shs. 30 per ton			-		58,043	
38,118 tonnes at Shs. 30 per ton			<u>57,177</u>		-	
			<u>57,177</u>		<u>58,043</u>	

SISAL BOARD OF KENYA

5. ADMINISTRATION AND INSPECTORATE EXPENSES

	1987/88 K£	1986/87 K£
Electricity	275	351
Water & Security	1,890	491
Office rent	7,456	7,456
Exhibitions and fairs	711	1,877
Newspapers and Publications	377	699
Entertainments	963	734
Accommodation & Travelling	6,763	4,118
Bank charges	125	214
Conference expenses	4,424	451
Repairs - A.S.K. Stands	2,631	798
Office Equipment maintenance	3,494	1,338
Repairs - Office premises	270	780
Medical expenses	2,225	1,910
Insurances	7,225	6,034
Salaries & Wages (Personal Emoluments)	5,7319	50,342
Members fees (Allowances)	1,858	3,790
Printing, Stationery & Uniforms)	4,757	4,727
Postage, Telephones	6,396	7,484
Rates	3,909	5,472
Subscriptions	352	95
Sundry Expenses	1,652	1,069
Motor vehicles - running expenses	5,703	5,018
Chairman's Honoraria & Allowances	3,750	5,228
Advertising	2,449	4,980
Legal expenses	254	1,036
Travelling Imprest	-	300
Furniture & Fittings maintenance	-	-
Gratuity retirement benefits	7,018	2,045
R.B.S. Contribution	3,240	2,130
Audit fees	2,500	750
Donations	2,504	634
Loan Interest	4,584	1,528
Land rent	737	773

Cont'd

	1987/88 K£	1986/87 K£
Baling Machine Oil	451	208
Baling materials	2,568	1,531
Transport	695	1,222
Repairs & Maintenance - Godown premises	1,445	9,201
Godown Equipment maintenance	782	601
Staff welfare	534	192
N.S.S.F.	1,287	824
<u>Depreciation:</u>		
Motor vehicles	4,776	6,367
Godowns	4,355	3,913
Equipment & Furniture & fittings	236	168
Tools & Equipment	27	27
Baling press	118	131
Stand premium	74	74
Head office, furniture & fittings	<u>978</u>	<u>1,051</u>
	<u>166,137</u>	<u>150,064</u>

The prior year Adjustment account includes the following amounts which had not been effected in the previous year's accounts:-

Leave pay Dr		11,320.40
Retirement benefit scheme Dr		16,294.90
N.H.I.F.	Dr	3,605.00
N.S.S.F.	Dr	143.00
Debts accrued by a resigning member of staff	Cr	11,162.70
Capitalisation of Godown repairs costs charged to income	Cr	<u>183,597.30</u>
	Cr	<u>163,396.70</u>
		K£8170





SISAL BOARD OF KENYA