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Sisal Board of Kenya

ANNUAL REPORT-2001
AND
ANNUAL AUDITED ACCOUNTS
2000/2001 FINANCIAL YEAR

557-45
SBK

SISAL BOARD OF KENYA

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SISAL BOARD OF KENYA

ANNUAL REPORT

2001

BOARD MEMBERSHIP

PERMANENT SECRETARY
MINISTRY OF AGRICULTURE

Member

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 OFFICE

Sisal Board
Inspectorate
Mozambique Rd
P. O. Box 81764
MOMBASA

SISAL INDUSTRY REVIEW - 2001

(a) Sisal Production

There was a slight increase in Sisal fibre and tow production in 2001 as compared to 2000. The 2000 production was 21,430 metric tonnes compared to 23,209 metric tonnes for 2001. The small increase in production was as a result of extensive replanting programme undertaken by some estates in 1998.

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 2000</u> <u>(Metric tonnes)</u>	<u>Production in 2001</u> <u>(Metric tonnes)</u>
Coast.	9,126	10,717
Rift Valley	6,368	4,948
Eastern	5,175	6,289
Nyanza	761	1,258
	<u>21,430</u>	<u>23,209</u>

(b) Sisal Marketing

Over 80% of all sisal fibre and tow produced in Kenya is exported overseas to over 38 countries every year. The rest is sold locally. In 2001 out of the production of 23,209 Metric tonnes, a total of 15,579 Metric tonnes were exported, earning the country Kshs. 627,898,594/= compared to 15,627 Metric tonnes exported in 2000 that earned the country Kshs. 549,949,455. In 2001 a total of 6,220 Metric tonnes of sisal were sold locally earning farmers a total of Kshs. 196,416,408/=.

Our sisal is being used on an increasing scale for the manufacture of higher added value end products particularly pulp for speciality paper production and non woven products for reinforcement purposes. Currently the average price of the widely exported sisal grades UG or 3L stands at US\$594 per metric tonne F.O.B. Mombasa.

The top ten importers of our sisal in 2001 were: - China, Saudi Arabia, Spain, Belgium, Egypt, Japan, Mexico, U.K., Indonesia and Italy..

(c) Sisal Board Operation

The Board realised reasonable financial surplus from the 2000/2001 operational budget inspite of unfavourable prices offered in the entire financial year..

The Board intensified its Inspection procedures and quality control checks at its Inspectorate Mombasa. These measures have maintained steady demand for Kenya premium sisal used for blending purposes in the world's sisal fibre market.

As regards the Board's field activities, the product and market development of sisal and Henequen products project which took off towards the end of 1997 and is now in its final year of completion.

A two year extension was approved to complete components which had not been concluded.

Among the major areas the project focused on :-

- Exploration and development of alternative uses of sisal fibre, sisal decortication waste, boles and poles.
- Revival of sisal research
- Encouragement of more participation of small holders in sisal production and marketing.

The main activities that already commenced are: -

- (i) Animal feed trials using sisal decortication waste and boldes.
- (ii) Sisal Variety trials
- (iii) Development of micropropagation techniques (Tissue Culture) for rapid multiplication of sisal planting materials.
- (iv) Development of efficient flume tow recovery process.
- (v) Development of more efficient sisal fibre extraction technology particularly for pulping purposes.
- (vi) Review of past sisal research results and current production practices.


K. S. MUKUNA
MANAGING DIRECTOR

SISAL EXPORTS BY COUNTRY DESTINATION - 2001

<u>Country of Destination</u>	<u>Quantity in metric tonnes</u>	<u>Percentages</u>
1. CHINA	2527	16
2. SAUDI ARABIA	2465	15.8
3. SPAIN	1545	9.9
4. BELGIUM	1041	6.7
5. EGYPT	977	6.3
6. JAPAN	822	5.3
7. MEXICO	718	4.6
8. U.K.	609	3.9
9. INDONESIA	432	2.8
10. ITALY	368	2.4
11. BANGLADESH	361	2.3
12. PORTUGAL	340	2.2
13. INDIA	299	1.9
14. MOROCCO	282	1.8
15. AUSTRALIA	272	1.7
16. SYRIA	264	1.7
17. GERMANY	249	1.6
18. SOUTH AFRICA	217	1.4
19. CANADA	216	1.4
20. PHILLIPINES	214	1.4
21. JORDAN	178	1.2
22. PAKISTAN	150	1
23. NEW ZEALAND	143	0.9
24. NETHERLANDS	126	0.8
25. GHANA	112	0.7
26. U.A.E.	107	0.7
27. TURKEY	93	0.6
28. SRI LANKA	88	0.6
29. FRANCE	74	0.5
30. ALGERIA	58	0.4
31. GREECE	46	0.3
32. TAIWAN	43	0.3
33. SENEGAL	30	0.2
34. ISRAEL	30	0.2
35. BAHRAIN	27	0.2
36. BENIN	20	0.1
37. IVORY COAST	20	0.1
38. TUNISIA	16	0.1
	15579	100

TOTAL VALUE

627,898,594

WORLD MARKET AVERAGE PRICES IN US\$ PER TONNE
FOB MOMBASA PORT 2001
GRADES

MONTHS	NO.1	NO.2	3L	NO.3	UG	UHDS	TOW I
JANUARY	720	630	620	500	580	440	300
FEBRUARY	720	630	630	555	550	435	300
MARCH	755	640	630	555	550	435	300
APRIL	755	640	635	555	565	435	400
MAY	755	640	630	520	560	435	305
JUNE	755	620	635	530	565	435	300
JULY	755	620	645	530	565	430	307
AUGUST	755	620	650	530	555	530	307
SEPTEMBER	755	620	620	530	535	405	320
OCTOBER	755	620	620	555	560	435	330
NOVEMBER	750	620	630	555	555	435	305
DECEMBER	750	620	630	555	555	435	305
ANNUAL AVERAGE	748	626	631	540	557	432	306

**MONTHLY SISAL PRODUCTION IN TONNES BY
GRADES - 2001**

MONTHS	GRADES								TOTAL
	NO.1	NO.2	3L	NO.3	UG	UHDS	TOW1	TOTAL	
JAN	17		109	26	864	66			1082
FEB	0	8	258	49	736	0	84		1135
MAR	16	30	259	193	810	22	124		1454
APR	16	0	260	85	783	0	98		1242
MAY	0	0	229	109	1071	6	71		1486
JUNE	0	0	62	137	1145	0	64		1408
JULY	32	16	183	28	855	0	34		1148
AUG	14	47	189	54	889	0	103		1296
SEP	0	16	47	54	952	0	46		1115
OCT	0	16	173	99	954	0	135		1377
NOV	12	0	91	110	1250	0	83		1546
DEC	0	16	276	163	769	0	66		1290
TOTAL	107	149	2136	1107	11078	94	908		15579

REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA SISAL BOARD FOR THE YEAR ENDED 30TH JUNE 2001

I have examined the Accounts of Kenya Sisal Board for the year ended 30th June 2001 in accordance with the provisions of Section 29(2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations considered necessary for the purpose of audit. Proper books of account have been kept and the Accounts, which are in agreement therewith, comply with the Sisal Board Act, Cap 341.

In my opinion and except for the matters set out herebelow the Accounts, when read together with the Notes thereon, present a true and fair view of the Board's financial state of affairs as at 30th June 2001 and of its surplus and cashflows for the year then ended.

1. DEBTORS AND PREPAYMENTS

The Balance Sheet debtors figure of Kshs.1,025,152 as at 30th June 2001, and as was the case in previous years, still includes cash advances to the Board's Chief Executive totalling Kshs.313,275/=, some of which have remained outstanding for over five years. The Board has, however, not explained why it continued to make further advances to the same officer before recovering old advances. In addition the Board has also not indicated when and how these long outstanding advances to the Chief Executive would be recovered. Further and as stated in the report for the previous year, the Board has still not clearly explained how it intends to recover an amount of Kshs.65,794/= paid as advance pensions to former Board employees and which was recoverable from pension funds held by the Kenya National Assurance Company, now in liquidation.

2. CONSTITUTION OF THE BOARD OF DIRECTORS

During the year 2000/2001, the Board operated without a Board of Directors and as a result all the functions including policy decisions normally performed by a Board of Management were undertaken by the Board's Chief Executive. Although the Parent Ministry was notified of the expiry of the Board of Management in March 2000, it is not clear why a new board has not been constituted.

AUDITOR GENERAL (CORPORATIONS)

18 September 2002

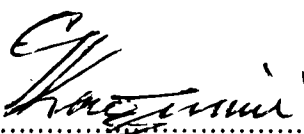
KENYA SISAL BOARD

BALANCE SHEET AS AT 30TH JUNE, 2001

	NOTES	2000/2001 KSHS.	1999/2000 KSHS.
Fixed Assets	(1 & 2)	68,215,874	68,880,821
<u>CURRENT ASSETS</u>			
Stocks	(3)	14,632	150,110
Debtors	(4)	1,025,152	921,746
Less provision for bad debts		(100,000)	-
PMDSHP Project	(7)	204,476	-
Cash and Bank Balances	(5)	236,051	49,209
TOTAL CURRENT ASSETS		1,380,311	1,121,065
<u>CURRENT LIABILITIES</u>			
Creditors and provisions	(6)	605,873	764,699
PMDSHP Project		-	18,705
TOTAL CURRENT LIABILITIES		605,873	783,404
NET CURRENT ASSETS		774,438	337,661
		68,990,312	69,218,482
<u>FINANCED BY:</u>			
Revaluation Reserve	(17)	58,435,530	58,435,530
General Fund	(8)	8,844,782	7,932,952
Loan from KCFC	(16)	1,710,000	2,850,000
		68,990,312	69,218,482

SIGNED BY:

MANAGING DIRECTOR



DATE

17/02/2006.

KENYA SISAL BOARD

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2001

<u>INCOME</u>	<u>NOTES</u>	<u>2000/2001 KSH.</u>	<u>1999/2000 KSH.</u>
Cess	(9)	513,951	548,506
Rent	(10)	9,099,043	8,895,408
Inspection service charge	(11)	3,566,268	3,304,936
License Fees	(12)	58,690	49,300
Rebaling charges	(13)	274,250	370,300
Miscellaneous		12,489	12,093
TOTAL INCOME		13,524,691	13,180,543
 <u>EXPENDITURE</u>			
Administration and General Expenditure	(14)	8,133,319	8,131,785
Personal Emoluments	(15)	4,482,902	4,244,386
TOTAL EXPENSES		12,616,221	12,376,171
Operating (deficit) surplus		908,470	804,372
Transfer to General Fund		908,470	804,372

KENYA SISAL BOARD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2001

NOTE 1 - ACCOUNTING POLICY

- (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 at the following rates:-
- (i) Godowns 3%
 - (ii) Furniture, Fixtures, Fittings & Equipment 10%
 - (iii) Motor vehicles 25%
- (C) Revenue and expenses have been recognised and matched in the period to which they accrue.

KENYA SISAL BOARD

NOTE 2 - PROPERTY, PLANT & EQUIPMENT

	GODOWNS KSHS	LEASEHOLD LAND KSHS.	FURNITURE & FITTINGS KSHS.	MOTOR VEHICLES KSHS.	TOTALS KSHS.
Cost					
At start of year	22,446,291	49,580,000	1,519,498	2,311,089	75,856,878
Additions	0	0	8,580	0	8,580
Disposals	0	0	0	0	0
At end of the year	<u>22,448,291</u>	<u>49,580,000</u>	<u>1,528,078</u>	<u>2,311,089</u>	<u>75,865,458</u>
Depreciation					
At start of year	3,928,515	0	1,000,574	2,046,968	6,976,057
On disposals	0	0	0	0	0
Charge for the year	555,533	0	51,964	66,030	673,527
At end of the year	<u>4,484,048</u>	<u>0</u>	<u>1,052,538</u>	<u>2,112,998</u>	<u>7,649,584</u>
Net book value					
At 30th June 2001	17,962,243	49,580,000	475,540	198,091	68,215,874
At 30th June 2000	<u>18,517,776</u>	<u>49,580,000</u>	<u>518,924</u>	<u>264,121</u>	<u>68,880,821</u>

NOTE 3 - STOCKS

Stocks are valued at their cost price and they consist of baling ropes and baling press oils at KSh.13,133/= and KSh.1,499/= respectively.

NOTE 4 - DEBTORS AND PREPAYMENTS

	<u>2000/2001 KSH.</u>	<u>1999/2000 KSH.</u>
Trade debtors	607,311	464,848
Staff debtors	352,047	379,208
Other debtors	65,794	77,690
	<u>1,025,152</u>	<u>921,746</u>

NOTE 5- CASH AND BULK BALANCES

Petty cash - Inspectorate - Msa	1,094	(70)
Betty cash - Head office	70,353	19,970
Bank Balances	164,284	18,701
Bank balances - KCB Kilindini	320	10,608
	<u>236,051</u>	<u>49,209</u>

NOTE 6 - CREDITORS AND PROVISIONS

Accrued interest on KCFC loan	321,785	321,785
Trade creditors	134,988	82,172
Other creditors	-	115,304
Staff creditors	29,100	25,438
Audit fees provisions	120,000	220,000
	<u>605,873</u>	<u>764,699</u>

KENYA SISAL BOARD

NOTE 7 - FMDSBP PROJECT

As at the end of 2000/2001 financial year, the Board had incurred KSh. 204,476/= on behalf of Product and market Development of Sisal and Henequen project for transplanting of Nurseries and variety trials in Kibwezi and Nakuru of which it expects a reimbursement.

NOTE 8 - GENERAL FUND

	<u>2000/2001 KSH.</u>	<u>1999/2000 KSH.</u>
Balance brought forward	7,932,952	7,648,908
Prior period adjustments	3,360	(520,328)
Transfer from Income and Expenditure A/C	908,470	804,372
Balance carried forward	<u>8,844,782</u>	<u>7,932,952</u>

NOTE 9 - CESS INCOME

During the 2000/2001 financial year, a total of 17,131 metric tonnes of sisal were levied cess earning the Board a sum of KShs.513,951/= compared to 18,283 metric tonnes in 1999/2000 where the Board earned KSh.548,506/=. This represents a revenue drop of (about 6.3%) KSh.34,555/=. This is as a result of low production level in the entire 2000

NOTE 10 - RENT INCOME

The rental income of KSh.9,099,043/= reflects an increase of KSh.203,635/= which represents 2.3% over the previous year when a sum of KSh.8,895,408/= was realised from this source. This increase is a result of an upward adjustment on the rental charges on the Board's three godowns.

NOTE 11 - INSPECTION SERVICE CHARGE

During the 2000/2001 financial year, the Board earned a sum of KShs.3,566,268/- from this source of revenue. This reflects a revenue increase of Ksh. 261,332/= which represents 7.9% over the previous year when a sum of Ksh.3,304,936 was realised from this source. This is due to the revised exchange rate.

NOTE 12 - LICENSES FEES

During the 2000/2001 financial year, the Board earned KSh.58,690/= from this source of revenue. This reflects a revenue increase of KSh.9,390/= which represents 19% over the previous financial year when a sum of KShs.49,300/= was received.

NOTE 13 - REBALING CHARGES

During the 2000/2001 financial year, the Board earned a sum of KShs.274,250/= from this source of revenue. This reflects a drop of about (26%) (KShs. 96,050)' from the previous financial year when a sum of Kshs. 370,300/= was received. This is attributed to fewer bales having been rebaled and thus lower charges.

KENYA SISAL BOARD

<u>NOTE 14 - ADMINISTRATION AND GENERAL EXPENSES</u>	<u>2000/2001 KSHS.</u>	<u>1999/2000 KSHS.</u>
National Social Security Fund	29,680	31,040
Retirement Benefit Scheme	378,536	351,373
Medical expenses	526,826	424,896
Repairs and Maintenance	195,018	267,405
Travelling and Accommodation expenses	213,964	119,546
Security expenses	158,214	43,520
Conservancy expenses	59,585	47,938
Rent expenses	1,376,550	1,290,400
Motor vehicle running expenses	742,148	651,575
Staff uniform expenses	103,040	46,945
Staff training and welfare	-	5,100
Trade fairs and exhibition.	4,150	69,715
Telephone expenses	555,497	507,877
Electricity expenses	93,306	90,952
Bank charges expenses	57,923	49,873
Subsistence allowances expenses	27,425	30,240
Printing and stationery expenses	102,041	271,467
Postage expenses	38,391	41,557
Sundry expenses	157,116	136,347
Transport expenses	28,986	33,253
Wages expenses	6,800	5,500
Leave travelling expenses	54,575	115,455
Board members expenses	59,390	217,119
Newspapers and publication expenses	45,260	59,097
Subscriptions expenses	41,648	21,445
Advertising and publicity expenses	-	12,500
Audit fee provision expenses	120,000	120,000
Insurance expenses	320,811	315,952
Baling press operating expenses	263,065	295,402
Land rent expenses	100,500	100,500
Penalties/Interest expenses	-	174,555
Overseas travel expenses	-	127,770
Depreciation	673,527	718,412

NOTE 14 CONTD. **- 2 -**

	<u>2000/2001 KSHS.</u>	<u>1999/2000 KSHS.</u>
Official entertainment expenses	40,680	14,090
Valuation fees expenses	-	64,125
Donation expenses	-	10,000
Loan interest expenses	960,000	987,295
Project expenses	365,379	145,724
Consumable store expenses	11,388	825
Fees and Honoraria expenses	-	115,000
Legal expenses	121,900	-
Provisions for doubtful debts	100,000	-
	<u>8,133,319</u>	<u>8,131,785</u>

NOTE 15 - PERSONAL EMOLUMENTS

Salaries	2,919,732	2,938,237
House Allowance	1,303,260	777,500
Acting Allowance	52,820	91,170
Honorarium	75,180	75,180
Overtime	660	4,133
Driver's Allowance	11,100	10,800
Entertainment Allowance	18,000	18,000
Transport Allowance	24,000	24,000
Gratuity Service Allowance	78,150	305,366
	<u>4,482,902</u>	<u>4,244,386</u>

NOTE 16 - K.C.F.C. LOAN

Being loan advance for 5 years at 30%		
Loan advance	5,700,000	5,700,000
Less repayment to date	3,990,000	2,850,000
Balance as at 30/06/2001	1,710,000	2,850,000

NOTE 17 - REVALUATION RESERVE

Balance brought forward	58,435,530	8,855,530
Valuation of the Board's plots	-	49,580,000
	<u>58,435,530</u>	<u>58,435,530</u>



Sisal Board of Kenya