



**Sisal Board
of
Kenya**

ANNUAL REPORT - 2005

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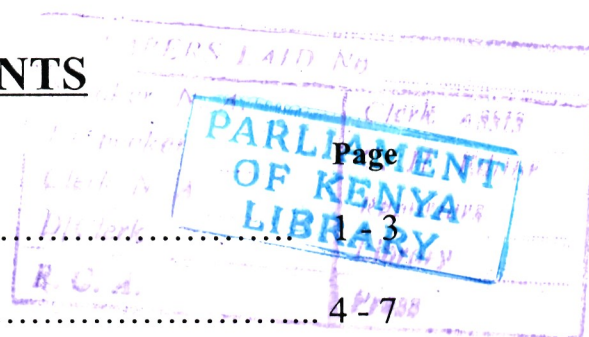
ANNUAL AUDITED ACCOUNTS

2004 / 2005 FINANCIAL YEAR

SISAL BOARD OF KENYA

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SISAL BOARD OF KENYA

ANNUAL REPORT 2005

BOARD MEMBERSHIP

PERMANENT SECRETARY
MINISTRY OF AGRICULTURE

Member

DIRECTOR OF AGRICULTURE

Member

MANAGING DIRECTOR
SISAL BOARD OF KENYA

Member and Secretary

REGISTERED OFFICE

Old Mutual Building
Kimathi Street
P.O. Box 41179
NAIROBI.

REGIONAL OFFICE

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

BANKERS

National Bank of Kenya
Harambee Avenue
P.O. Box 41862 – 00100
NAIROBI.

INDEPENDENT AUDITOR

Controller and Auditor General
P.O. Box 30084
NAIROBI.



SISAL INDUSTRY REVIEW – 2005

(a) Sisal Production

Sisal production in the year 2005 reduced by 727 metric tonnes compared to 2004 production when 26,329 metric tonnes were produced. The principal reason for this lower production was partly due to adverse climatic change and lack of replanting in some estates.

Large quantity of sisal in Kenya is grown in the Coast, Eastern and Rift Valley provinces. During the 2004/2005 calendar year, production of sisal fibre and tow of all grades according to regions was as follows:-

<u>Province</u>	<u>Production in 2004 (Metric Tonnes)</u>	<u>Production in 2005 (Metric Tonnes)</u>
Coast	11,012	10,914
Eastern	7,875	9,181
Rift Valley	5,151	4,489
Nyanza	<u>2,291</u>	<u>1,018</u>
	<u>26,329</u>	<u>25,602</u>

(b) Sisal Marketing

In the year 2005, a total of 20,609 metric tonnes of sisal and tow produced in Kenya were exported overseas to over 40 countries earning the country KShs.1,144,973,003. The balance of the total production were sold locally earning farmers a total of KSh.103,287,176/=. Thus the sisal industry earned the country a total of KSh.1,248,260,179, approximately KSh.1 ¼ billion.

Although the world demand for sisal has been contracting for many years, the past two years have witnessed increased demand particularly for E.A. sisal to the extent that demand is higher than supply. This has maintained high stable prices which is a motivation for farmers. Kenya sisal is being used on an increasing scale for the manufacture of higher added value end products, particularly pulp for specialty 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\$757 per ton F.O.B. Mombasa.

The top ten importers of Kenya sisal are; China, Spain, India, S. Arabia, Egypt, Morocco, Belgium, Indonesia, Syria and S. Africa.

(c) Sisal Board Operation Results

The Kenya Sisal Board improved on financial performance by registering a surplus of KShs.1,120,375/= compared to KSh.675,608/= in the previous financial year.

The Board fully discharged its functions as required under the Sisal Industry Act (Cap 341).

Kenya Sisal Board has continued to explore and develop strategies in the long and short-term to revitalize and sustain the sisal markets, by expanding the markets.

Smallholder sisal production has not received the attention it deserves. This is mainly due to lack of funds to promote production, processing and marketing.

However, informally, this sub-sector has contributed to enhance income generation, poverty eradication, employment creation, rural micro-industries and economic development of the ASAL areas particularly in Machakos, Makueni, Mwingi, Kitui and areas along the shores of Lake Victoria in South Nyanza.

A number of factors hinder the faster development of small holder sisal production, the main being lack of efficient decortication device.



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C. K. KAGWIMI
AG. MANAGING DIRECTOR

SISAL EXPORT BY COUNTRY OF DESTINATION FOR 2005

	<u>COUNTRY</u>	<u>TONNES</u>
1	CHINA	5862
2	SPAIN	2198
3	INDIA	1667
4	S. ARABIA	1405
5	EGYPT	1263
6	MOROCCO	1213
7	BELGIUM	932
8	INDONESIA	911
9	SYRIA	579
10	S. AFRICA	554
11	JAPAN	380
12	GERMANY	371
13	ITALY	311
14	NIGERIA	271
15	PORTUGAL	245
16	JORDAN	207
17	PHILIPPINES	196
18	THAILAND	164
19	KENYA	154
20	NAURU	145
21	MEXICO	140
22	IVORY COAST	138
23	MAURITIUS	116
24	GHANA	108
25	AUSTRALIA	103
26	SENEGAL	93
27	CAMEROON	87
28	TAIWAN	84
29	BANGLADESH	78
30	CZECH REPUBLIC	73
31	ALGERIA	72

32	TURKEY	71
33	GREECE	48
34	ISRAEL	33
35	MALI	32
36	SRI LANKA	31
37	NEW ZEALAND	30
38	BAHRAIN	27
39	CANADA	27
40	LIBYA	26
41	MAURITANIA	26
42	TOGO	24
43	BENIN	23
44	U.K	19
45	TANZANIA	18
46	PAKISTAN	15
47	YEMEN	13
48	U.A.E	13
49	ZIMBABWE	11
50	SOMALIA	2

TOTAL 20609.00

TOTAL VALUE 1,144,973,002.00

WORLD MARKET AVERAGE PRICES IN US\$ PER TONNE FOB MOMBASA PORT 2005

MONTHS	GRADES			UG UHDS	TOW.11	TOW.1	FTOW		
	NO.1	NO.2	3L					NO.3	
JANUARY	995	860	894	810	762	585	530	487	400
FEBRUARY	985	815	907	863	769	585	530	470	400
MARCH	985	830	881	828	772	585	530	603	400
APRIL	900	830	885	800	782	585	530	525	400
MAY	900	838	878	800	778	585	400	403	400
JUNE	900	838	815	765	778	585	400	533	400
JULY	945	945	845	790	798	585	530	593	400
AUGUST	945	825	870	790	754	425	400	519	400
SEPTEMBER	825	834	839	759	512	509	365	400	350
OCTOBER	825	845	910	820	745	585	365	458	350
NOVEMBER	885	845	875	820	774	583	365	491	350
DECEMBER	885	845	859	794	765	583	365	400	350
TOTAL	915	846	872	803	749	565	443	490	354

MONTHLY PRODUCTION BY GRADES IN METRIC TONNES BY 2005

	JAN	FEB	MAR	APRIL	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
NO. 1	5	4	5	6	6	5	11	6	8	6	4	6	72
NO. 2	15	26	23	9	21	26	15	18	19	16	14	11	213
3L	296	340	200	148	120	140	295	180	192	139	110	271	2431
NO. 3	292	248	240	287	290	248	179	170	141	186	234	190	2705
UG	1195	1167	1294	1409	1479	1277	1167	1323	1425	1073	1201	1101	15111
UHDS	304	208	218	282	462	514	319	240	183	288	257	253	3528
TOW. 1	102	99	129	134	90	72	79	98	108	91	57	52	1111
TOW. 2	21	15	17	12	20	36	42	36	14	12	38	36	299
F/TOW	10	10	11	10	10	10	20	15	5	76	-	-	177
TOTAL	2240	2117	2137	2297	2498	2328	2127	2086	2095	1887	1915	1920	25647

REPORT OF THE MANAGEMENT FOR THE 12 MONTH PERIOD FROM JULY 2004 TO JUNE 2005

Generally sisal has been a plantation crop. There are currently 11 estates growing sisal on 27,750 hectares with estates in the Rift Valley, Eastern and Coast provinces. The estates produce 80 percent of the total production.

Smallholder production is negligible and informal mainly because of lack of facilitation and appropriate decorticating technology and infrastructure to enable them compete effectively. Small holders currently produce 20 per cent of total sisal production in Kenya.

Sisal currently being an export commodity with over 90% of annual production being exported to overseas destinations. Sisal production and marketing has generally focused on raw fibre almost entirely at the expense of finished or semi-finished products i.e. there has been very little value addition.

The Future of the Industry

There is awareness in the world market, in favour of natural fibre. Therefore, there is an up-surge of the demand for sisal fibre in the world, with demand currently standing at 400,000 metric tones and production of 250,000 metric tones of sisal fibre annually. This means the importance of sisal is bound to increase in the foreseeable future.

There is a strong global consciousness of the serious negative effect of man-made fibre on the environment i.e. plastic and synthetic fibre.

The emerging new uses that sisal fibre and its by-products can be put into like pulp paper, bio-energy, livestock feeds and farmyard manure.

Sisal is a cash crop of choice in arid and semi-arid areas (80% of the Kenyan landmass) where 30% (10 million) Kenyan population lives.

Immediate Needs of the Sisal Industry

It requires a new policy, legal and institutional framework to govern the sisal industry including revision of the Sisal Industry Act Cap 341, to provide an appropriate legal, institutional and regulatory framework for effective revitalization of the Kenyan sisal industry.

The industry needs a new strategic orientation to help in the increase of the production, processing and marketing of sisal fibre including the development by KSB together with key stakeholders, of marketable by-products.

There is a need to declare sisal as a special crop and produce for Kenya under the WTO Doha development round. This crop meets the criteria of being the source of livelihood and catalyst for rural development. The revenue from sisal can support in semi-arid areas. Also bi-products can be used as animal feed and manure.

There is need to promote sisal production by small holders, through new policy guidelines and extension services including teaching farmers to grow sisal as part of integrated farming system.

There is need to promote utilization of whole sisal plant for production of fibre, manure and animal feed among other uses. Currently only leaves are used.

CONCLUSION

The recent development, which has increased awareness of the environmental impact of non-biodegradable synthetic fibre, presents a wide opportunity for sisal industry's expansion. The emerging new uses of sisal based products e.g. in the vehicle industry, building/construction industry, pulp and paper, bio-energy, animal feed, ethanol and biomedical industry. There is no doubt sisal is the crop for the future with numerous opportunities to be exploited.



CHARLES K. KAGWIMI
AG. MANAGING DIRECTOR
On behalf of the Management
11th October, 2005

CORPORATE GOVERNANCE STATEMENT

Responsibilities of Board of Directors

The corporation has operated without a Board of Directors since mid 2000. The Board members used to comprise 11 persons appointed by the Minister of Agriculture. It is responsible for ensuring good corporate governance in the corporation and approving and reviewing overall business strategies, significant policies and the structure of the corporation. The parent ministry has since appointed a task force to report measures to fast-track improvement of the sisal industry in Kenya with a view of reconstituting the Board of Directors.

The functions of the Board as prescribed by the Sisal Industry Act, Cap 341 are:-

- Promote the advancement and welfare of the sisal industry
- Consider and advise the Minister for Agriculture upon measures for the promotion and protection of the sisal industry
- Promote and undertake technical and scientific research in connection with the sisal industry
- Approve contracts, providing for standard conditions for the sale and purchase of sisal or sisal fibre
- Control the exports of sisal and sisal fibre
- Co-operate with all persons interested in the production and sale of sisal and sisal fibre
- Render to persons engaged in the production and sale of sisal or sisal fibre such services as may be prescribed, upon payment of such fees or other charges as may be prescribed by the Board
- Administer any moneys, which may be placed at the disposal of the Board as it renders regulatory services

The execution of the Board's policies is vested on the Managing Director who is appointed by the President under Section 6 of the State Corporation Act, Cap 446 of the Laws of Kenya. The Managing Director serves as the Secretary to the Board and is responsible for effective performance of the management team, which provides support and advice to the Board and committees. The current Acting Managing Director is working on temporary secondment from the parent ministry since July 2004.

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE YEAR ENDED
30TH JUNE 2005

The management is required to prepare financial statements which give a true and fair view of the state of affairs of the Board, as at the end of the financial year and of its surplus or deficit for that year. The management is required to ensure that the Board maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the Board. The management is also responsible for safeguarding the assets of the Board.

The management accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, which are consistent with previous years, and in conformity with international Financial Reporting standards. The management confirms the accuracy and completeness of the accounting records maintained by the Board, which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

Apart from not satisfying the legal requirement i.e. operating without Board of Directors since mid 2000, nothing has been drawn to the attention of the management to indicate that the Board will not remain a going concern for at least twelve months from the date of this statement.

This statement is approved by the management and is signed on it behalf by:



CHARLES K. KAGWIMI
AG. MANAGING DIRECTOR



MARYA. OKUL (MRS)
SENIOR EXECUTIVE OFFICER

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA SISAL BOARD FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of Kenya Sisal Board for the year ended 30 June 2005 in accordance with the provisions of section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit. The financial statements are in agreement with the books of account

Respective Responsibilities of the Management and the Controller and Auditor General

As set out in the statement of management's responsibilities, the management was responsible for the preparation of financial statements which give a true and fair view of the Board's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view of obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

Comments

1. Constitution of the Board of Directors

As has been in the past years, the Kenya Sisal Board operated without a Board of Directors contrary to Sisal Industry Act Cap 341 Section 3. As a result all the functions of the Board including policy decisions normally performed by a Board of Directors were undertaken by the Acting Chief Executive. Although the parent ministry was notified of the expiry of the term of the Board of Directors in March 2000, a new Board has to date not been constituted. Available information indicates that a working group was appointed by Agriculture Secretary in September 2005 to review Board's policy and to reconstitute the Board of Directors. The resolutions made by the working group have not however been seen.

2. Budgetary Control

During the year under review, the management incurred expenditure of KShs.3,011,499 on thirteen (13) items against budgeted provision of KShs.2,293,000 thereby overspending by KShs.718,499. Further, two computers were bought at a cost of KShs.160,789 and an amount of KShs.600,654 was spent on project valuation and strategic expenses. This expenditure was not provided for in the budget. The Kenya Sisal Board management therefore spent in total KShs.1,479,942 without the authority of the parent ministry and the Treasury contrary to section 12 of the State Corporations Act (Cap 446) and was therefore in breach of the law.

3. Irregular Promotion

In the absence of a Board of Directors the promotion of six (6) senior staff by the management at different times over a period of five (5) years were contrary to the Board's terms and conditions of service. In the circumstances, therefore it was not possible to confirm the resultant total additional expenditure of KShs.1,005,563 paid to these staff members as a result of these irregular promotions.

4. Repair of Motor-Vehicle Reg. No. 110UN 11K

During the year under review the management carried out repairs worth KShs.195,000 to vehicle registration number 110UN 11K. The repairs were ordered and carried out between July and November 2004 without following the normal Government procurement procedures and instead, management purchased spare parts for the repairs using cash imprests. There were no records or documentary evidence seen to show that the spare parts purchased were received and fitted to the vehicle. Under the circumstances the propriety of the expenditure of Kshs. 195,000 could not be confirmed.

Opinion

Except for the foregoing reservations, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of financial affairs of the Board as at 30 June 2005 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Sisal Industry Act, Cap 341.


E. N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi
27 March 2006

KENYA SISAL BOARD

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2005

	NOTES	2004/2005 KSHS	2003/2004 KSHS
INCOME			
Cess	10	620,384	580,387
Rent	11	5,084,726	5,387,470
Inspection Service Charge	12	6,148,836	5,156,921
Licence fees	13	85,970	83,640
Rebaling charges	14	274,250	302,506
Miscellaneous		<u>6,593</u>	<u>8,041</u>
TOTAL INCOME		<u>12,220,759</u>	<u>11,518,965</u>
EXPENDITURE			
Administration and general expenditure	15	6,210,907	5,565,120
Personal Emoluments	16	<u>4,889,477</u>	<u>5,278,237</u>
TOTAL EXPENSES		<u>11,100,384</u>	<u>10,843,357</u>
OPERATING SURPLUS			
Surplus for the year transferred To General fund		<u>1,120,375</u>	<u>675,608</u>

KENYA SISAL BOARD
BALANCE SHEET AS AT 30TH JUNE 2005

	NOTES	2004/2005 KSHS	2003/2004 KSHS
NON-CURRENT ASSETS	1 & 2	67,064,716	67,493,650
CURRENT ASSETS			
Stocks	3	20,199	21,354
Debtors	4	1,106,800	1,130,104
Cash and Bank balance	5	<u>2,253,495</u>	<u>38,032</u>
TOTAL CURRENT ASSETS		<u>2,380,494</u>	<u>1,189,490</u>
CURRENT LIABILITIES			
Creditors and provisions	6	232,777	1,051,424
PMDSHP Project	7	<u>-280,059</u>	<u>-811,401</u>
TOTAL CURRENT LIABILITIES		<u>-47,282</u>	<u>240,023</u>
NET CURRENT ASSETS			
(WORKING CAPITAL)		<u>2,427,776</u>	<u>949,467</u>
TOTAL NET ASSETS		<u>69,492,492</u>	<u>68,443,117</u>
FINANCED BY: -			
Revaluation Reserve	8	58,435,530	58,435,530
General Fund	9	<u>11,056,962</u>	<u>10,007,587</u>
		<u>69,492,492</u>	<u>68,443,117</u>

SIGNED BY: C. K. KAGWIMI
AG. MANAGING DIRECTOR

M. Kenney DATE *12/10/05*

KENYA SISAL BOARD

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 30TH JUNE, 2005

	GENERAL FUND	TOTAL
	KSHS	KSHS
At 1 st July 2003	9,925,975	9,325,975
Prior period adjustments	6,004	6,004
Surplus for the year	675,608	675,608
At 30 th June, 2004	10,007,587	10,007,587
At 1 st July 2004	<u>10,007,587</u>	<u>10,007,587</u>
Prior period adjustments	(71,000)	(71,000)
Surplus for the year	1,120,375	1,120,375
At 30 th June, 2005	<u>11,056,962</u>	<u>11,056,962</u>

KENYA SISAL BOARD
CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2005

	2004/2005	2003/2004
	KSHS	KSHS
Cash flow from Operating Activities		
Cash Received from customers	12,348,245	11,193,893
Cash paid to suppliers and employees	(10,673,527)	(10,330,543)
Cash paid for other operation costs		
Prepayments and imprests	(305,059)	(883,811)
Cash generated from operations	1,369,659	(20,461)
Miscellaneous incomes	<u>6,593</u>	<u>8,041</u>
Net cash from operations	<u>1,376,252</u>	<u>12,420</u>
Returns on investments and servicing of finance		
Interest paid	-	(22,899)
Net cash from returns on investments and Servicing of finance	-	(22,899)
Cash flow from investing activities		
Purchase of equipments	<u>(160,789)</u>	=
Net cash from investing activities	<u>(160,789)</u>	=
Net increase/decrease in cash equivalents	1,215,463	(35,319)
Cash and cash equivalents at beginning of period	<u>38,032</u>	<u>73,351</u>
Cash and cash equivalents at end of period	<u>1,253,495</u>	<u>38,032</u>

KENYA SISAL BOARD

NOTE 1 - ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting standards. The principal accounting policies remain unchanged from the previous year and are set out below: -

(a) Basis of Preparation

The financial statements are prepared under the historical cost convention.

(b) Revenue Recognition

Revenue and expenses are recognized and matched in the period in which they accrue.

(c) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated at reducing balance method at the following rate: -

(i) Godowns	3%
(ii) Property, plant and equipment	10%
(iii) Motor vehicle	25%

(d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by first-in-first-out (FIFO) method. Net realizable value is the estimate of the selling price in the ordinary course of business, less the selling expenses.

(e) Provisions

Bad debts are created in the accounts based on ageing analysis of debtors balance at the close of the financial year.

(f) Retirement Benefits Scheme

The Board operates a defined contribution staff retirement benefit scheme for its employees. The Board's contribution to the defined contribution

retirement benefits scheme is charged to the income and Expenditure statement in the year to which they relate.

(g) Accounting for Leases

The Board owns 4 plots on leasehold terms with effect from 1.1.1949. The value of these plots is Kshs 49,580,000 as per 2000 valuation. The plots values has not been amortized over the period of the lease since this will deplete the entire general fund.

(h) Comparatives

Comparative figures have been adjusted to conform with changes in presentation in the current year.

(i) Cash and Cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposit held at call with the bank.

(j) The revaluation reserve in the accounts is in respect of the Board's fixed assets.

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

COST	Godowns Kshs	Leasehold Land Kshs	Furniture and Fittings Kshs	Motor Vehicle Kshs	Total Kshs
At start of year	23,547,123	49,580,000	1,595,579	2,311,091	77,033,793
Additions	-		160,789	-	160,789
Disposals	-	-	-	-	-
At end of the year	<u>23,547,123</u>	<u>49,580,000</u>	<u>1,756,368</u>	<u>2,311,091</u>	<u>77,194,582</u>
Depreciation					
At start of year	6,115,026	-	1,197,591	2,227,519	9,540,136
On disposals	-	-	-	-	-
Charges for the years	522,962	-	45,876	20,892	589,730
At end of the year	<u>6,637,988</u>	<u>-</u>	<u>1,243,467</u>	<u>2,248,411</u>	<u>10,129,866</u>
Net book value					
At 30 th June, 2005	<u>16,909,135</u>	<u>49,580,000</u>	<u>512,901</u>	<u>62,680</u>	<u>67,064,716</u>
At 30 th June 2004	<u>17,432,097</u>	<u>49,580,000</u>	<u>397,988</u>	<u>83,572</u>	<u>67,493,650</u>

NOTE 3 - STOCK

Stocks are stated at lower of cost and net realizable value. They consist of baling ropes and baling press oils at Kshs 7000/= and Kshs 13,199/=.

NOTE 4 - DEBTORS AND PREPAYMENTS

	<u>2004/2005</u>	<u>2003/2004</u>
	<u>KSHS</u>	<u>KSHS</u>
Trade Debtors	1,147,474	1,107,155
Staff Debtors	7,890	50,449
Other Debtors	26,436	-
Prepayments	25,000	72,500
Less provision for bad debts	<u>-100,000</u>	<u>-100,000</u>
	<u>1,106,800</u>	<u>1,130,104</u>

NOTE 5 - CASH AND BANK BALANCES

	<u>2004/2005</u>	<u>2003/2004</u>
	<u>KSHS</u>	<u>KSHS</u>
Petty Cash Inspectorate – Msa	4,227	3,610
Petty Cash – Head office	7,008	8,988
Bank Balances – NBK	<u>1,242,260</u>	<u>25,434</u>
	<u>1,253,495</u>	<u>38,032</u>

NOTE 6 - CREDITORS AND PROVISIONS

Trade creditors	71,253	71,253
Other Creditors	-	703,997
Staff Creditors	11,524	36,174
Audit fees provisions	<u>150,000</u>	<u>240,000</u>
	<u>232,777</u>	<u>1,051,424</u>

NOTE - 7 PMDSHP PROJECT

According to the Project Schedule, it was to end by 31st December, 2001 but was granted 3 years extension and officially ended on 31st December, 2004. As at the end of 2004/2005 financial year, the Board had incurred Kshs 280,059/= on behalf of the project by financing its activities of which it expects a reimbursement.

NOTE - 8 REVALUATION RESERVE

Balance brought forward	<u>58,435,530</u>	<u>58,435,530</u>
Balance brought forward	<u>58,435,530</u>	<u>58,435,530</u>

NOTE 9 STATEMENT OF CHANGES IN ACCUMULATED FUND
YEAR ENDED 30TH JUNE, 2005

	<u>2004/2005</u>	<u>2003/2004</u>
	<u>KSHS</u>	<u>KSHS</u>
At start of the year	10,007,587	9,925,975
Prior period adjustments	(71,000)	6,004
Surplus for the year	1,120,375	675,608
At the end of the year	11,056,962	10,007,587

NOTE 10 - CESSINCOME

During the 2004/2005 financial year, a total of 20,679.47 metric tons of sisal were levied. Cess earning the Board a sum of Kshs 620,384/= compared to 19,346.24 metric tonnes in 2003/2004 where the Board earned Kshs 580,387/= from this source. This represents revenue increase of Kshs 39,997/= (about 6.9%). This is a result of extensive replanting programme undertaken by some estates.

NOTE 11 – RENT INCOME

The rental income of kshs 5,084,726/= reflects a drop of (Kshs 302,744) which represents a revenue drop of about (5,62%) from this source. This is due to the fact that a tenant vacated godown No. 1V for three months during the financial year.

NOTE 12 - INSPECTION SERVICE CHARGE

During the 2004/2005 financial year, the Board earned a sum of Kshs 6,148,836/= from this source of revenue. This reflects a revenue increase of Kshs 991,915 which represents 19.24% over the the previous financial year where a sum of Kshs 5,156,921/= was realized from this source. This increase is attributed to high demand and good prices in the world hard fibre market.

NOTE – 13 - LICENCE FEES

During the 2004/2005 financial year, the Board earned Kshs 85,970/= from his source of revenue. This reflects an increase of Kshs 2,330/= which represents 2.79% over the previous financial year where a sum of Kshs 83,640/= was realized.

NOTE 14 - REBALING CHARGES

During the 2004/2005 financial year, the Board earned a sum of Kshs 274,250/= from this source of revenue. This reflects a revenue drop of (Kshs 28,256) which represents (9.35%) compared to the previous financial year when a sum of Kshs 302,506/= was realized.

NOTE 15 – ADMINISTRATION AND GENERAL EXPENSES

	2004/2005	2003/2004
	KSHS.	KSHS.
National Social Security Fund	72,100	74,000
Retirement Benefits Scheme	369,602	490,146
Medical Expenses	346,550	431,680
Repairs and Maintenance	166,195	137,778
Travelling and Accommodation expenses	133,085	125,340
Security Expenses	133,249	119,814
Conservancy expenses	51,134	46,849
Rent Expenses	957,180	866,880
Motor vehicle expenses	497,782	304,317
Staff Uniform expenses	71,492	-
Staff Training expenses	32,500	9,875
Trade Fairs and Exhibitions	-	-
Telephone Expenses	355,425	335,916
Electricity Expenses	94,197	97,966
Bank charges expenses	57,568	88,177
Subsistence Allowance expenses	13,800	12,050
Printing and Stationery expenses	150,265	63,321
Postage expenses	57,892	47,979
Sundry expenses	65,431	35,942
Transport expenses	75,115	48,714
Wages expenses	6,100	7,000
Leave Travelling expenses	112,425	70,910
Newspapers and Publication expenses	19,415	18,480
Advertising and Publicity expenses	23,107	800
Audit fees expenses	150,000	150,000
Insurance Expenses	339,250	327,214
Baling Press operating expenses	251,354	322,104
Land Rent expenses	102,581	103,586
Depreciation	589,730	611,213
Official Entertainment expenses	33,612	27,835
Legal expenses	1,000	133,215
Loan interest expenses	-	22,899
Project expenses	114,069	155,458
Consumable expenses	5,642	4,940
Valuation fees expenses	67,860	-
Strategic Plan expenses	<u>418,725</u>	-
	<u>6,210,907</u>	<u>5,565,120</u>

NOTE 16 – PERSONAL EMOLUMENTS

	2004/2005	2003/2004
	KSHS.	KSHS.
Salaries	2,768,295	2,924,010
House Allowance	2,056,050	2,295,500
Acting Allowance	29,472	22,485
Overtime	2,960	5,242
Drivers allowance	10,800	10,800
Entertainment allowance	19,500	18,000
Watchman allowance	<u>2,400</u>	<u>2,200</u>
	<u>4,889,477</u>	<u>5,278,237</u>

NOTE 17: THE BOARD'S VISION STATEMENT

A dynamic and vibrant leader of the sisal industry, in cost effective creation of wealth and enhancement of the environment, in Arid and Semi Arid lands in Kenya.

NOTE 18: MISSION STATEMENT

To develop and promote the advancement of the sisal industry, through demand-led research and extension services, quality control and licensing cost effective production, processing and effective marketing of sisal products at competitive prices and conservation of environment to the satisfaction of all stakeholders.

NOTE 19: THE BOARD'S CORE VALUES

The KSB core values include the following and embraces all areas that are critical to its business success and gaining a sustainable competitive advantages:

1. Integrity and honesty
2. Increasing value for the stakeholders
3. Transparency and accountability
4. Environmental concern
5. Mutual respect and
6. Attracting and maintaining well motivated/competent workforce

NOTE 20: COUNTRY OF INCORPORATION

The Board is incorporated in Kenya and is domiciled in Kenya. Its registered office is Old Mutual House, second floor.

NOTE 21: TAX

The Board's income is exempt from tax.

NOTE 22: REPORTING CURRENCY

The accounts are reported in Kenya shillings.

NOTE 23: CAPITAL COMMITMENTS

The Board never provided for capital expenditure in its approved 2004/2005 annual estimates and therefore no capital commitments.



Sisal Board of Kenya

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