



Sisal Board of Kenya

**ANNUAL REPORT - 2009
AND ANNUAL AUDITED ACCOUNTS
2008/2009 FINANCIAL YEAR**

Sisal Board of Kenya



Annual Report - 2009 and Annual Audited Accounts 2008/2009 Financial Year

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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 ROAD
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 - 2009

(a) Sisal Production in the year 2009 was 19,822/75 Metric tonnes. There was a reduction of 3,121/25 metric tonnes as compared to the year 2008 production of 22,944 metric tonnes.

Sisal in Kenya is grown in the Coast, Eastern and Rift Valley provinces. In the year 2009, production of sisal fibre and tow according to regions was as follows: -

Provinces	Production in 2008 (Metric tonnes)	Production in 2009 (Metric tonnes)
Coast	19,475.00	16,837.25
Eastern	1,000.00	200.00
Rift Valley	2,092.00	2,583.70
Nyanza	377.00	201.80
	<u>22,944.00</u>	<u>19,822.75</u>

(b) In the year 2009, a total of 18,673/30 Metric tonnes of sisal and tow produced in Kenya was exported overseas to over 40 countries of destination earning the country kshs 1,117,516,951/90. The balance of the total production was sold locally earning farmers a total of Kshs 147,931,121/= The sisal industry earned the country a total of Kshs 1,265,448,072/= during the year under review.

The current world demand for sisal stands at approximately 400,000 tons against production of approximately 300,000 tons and is expected to increase in future. Kenya can tap this opportunity by expanding sisal production especially in small-holder sub-sector. To avoid competition from synthetic fibres, sisal production need to continue to exploit opportunities offered by non-traditional markets and improve production and processing technologies. Sisal extraction technology has changed little in the past 100 years and new propagation technology, such as meristematic tissue culture has not been widely adopted.

Recent research findings have diversified utilization of sisal from traditional uses to other high value industrial applications. Today sisal fibre is being used in speciality papers, filters, geotextiles, mattresses, carpets and wall coverings.

Sisal is being used increasingly as reinforcements in plastic composite materials, particularly automotive components. By products from sisal extraction can be used for making bio-gas, animal feed, farm manure, pharmaceuticals ingredients and building materials (poles). Currently the average price of the widely exported sisal grades UG and 3L stands at US\$ 982

(c) Sisal Board Operation results

The Kenya sisal Board reported a surplus of Kshs 2,410,241/= in 2009 compared to Kshs 1,510,005/= in the previous financial year. The Board fully discharged its functions as required under the Sisal industry Act (Cap 341).

Kenya sisal Board was established through the Sisal industry act Cap 341 of 1946. The main objective of the Board is to promote the advancement of the welfare of the sisal industry and generally to regulate the industry. Its main functions are to facilitate and promote development of the sisal industry through agronomic and market research, marketing and quality control.

There has been no Board of Directors since year 2000. This has made operations of the Board very difficult without the main policy making body in place. The amendments of the sisal industry Act is overdue. The Act needs to be revised so as to be appropriately focused to address the challenges of the sisal industry in the liberalized economy.



NAOMI N. KAMAU

AG. MANAGING DIRECTOR

SISAL EXPORT BY COUNTRY OF DESTINATIONS FOR 2009

1	CHINA	5065.50
2	MOROCCO	2340.30
3	SAUDI ARABIA	1683.70
4	INDIA	1194.60
5	NIGERIA	1077.60
6	EGYPT	967.50
7	PHILIPPINES	833.25
8	SPAIN	581.50
9	SYRIA	567.00
10	SOUTH AFRICA	480.65
11	JORDAN	401.20
12	DJIBOUTI	336.00
13	INDONESIA	334.00
14	CZECH	306.00
15	MAURITANIA	291.00
16	LIBYA	274.40
17	GHANA	267.40
18	GERMANY	209.00
19	ITALY	209.00
20	JAPAN	177.00
21	IVORY COAST	168.00
22	UK	153.00
23	BELGIUM	119.50
24	TURKEY	84.00
25	TOGO	66.00
26	ISRAEL	53.20
27	PORTUGAL	53.00
28	NEW ZEALAND	50.00
29	BENIN	44.80
30	SENEGAL	44.80
31	BANGLADESH	39.10
32	TAIWAN	28.00
33	ALGERIA	26.60
34	GAMBIA	26.60
35	CAMEROON	26.60
36	GREECE	20.00
37	SUDAN	16.00
38	AUSTRALIA	15.00
	COLOMBO	15.00
	NETHERLANDS	15.00
	CONGO	12.50
	TOTAL	18,673.30
	VALUE	<u>1,117,516,951.90</u>

WORLD MARKET AVERAGE PRICES IN US\$ PER TONNE FOB MOMBASA PORT 2009

MONTHS		NO.1	NO.2	3L	GRADES	UG	SSUG	TOW II	TOW.1
JANUARY		950	900	1162	1060	1020	828	750	700
FEBRUARY		950	900	960	950	1000	853	810	700
MARCH		1010	1000	975	925	1050	837	810	700
APRIL		1010	1000	1260	925	1095	730	810	720
MAY		1020	1000	1000	865	1110	730	800	750
JUNE		1030	1000	925	875	1000	750	730	700
JULY		945	900	930	840	900	700	650	700
AUGUST		945	900	930	840	905	675	600	550
SEPTEMBER		950	900	810	830	905	650	600	525
OCTOBER		1000	950	850	800	1065	645	600	550
NOVEMBER		1000	915	900	800	825	800	600	500
DECEMBER		1000	915	1100	825	900	625	600	550
TOTAL		984	940	983	877	981	735	696	640

MONTHLY SISAL PRODUCTION BY GRADES IN METRIC TONNES BY 2009

	JAN	FEB	MAR	APRIL	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
NO.1	1	5.00	7.5	3	8.75	9.50	11.00	5.00	12.5	10.75	17.50	15.00	106.50
NO.2	4.5	6.25	8.75	7.00	12.25	13.25	15.5	11.25	15.00	13.75	20.00	15.00	142.50
3L	120.25	123.50	207	127	144.75	84.25	49.75	44.25	104.75	80.25	153.75	168.00	1407.50
NO.3	140.10	110.90	133.30	81.05	96.6	85.50	79.75	44.75	83.95	79.10	98.30	121.55	1154.85
UG	995	1130.05	1313.00	1167.80	1295.90	1605.95	1746.70	1447.60	1185.25	1149.75	1331.45	1260.15	15628.6
UHDS	100.90	29.55	39.45	34.05	32.20	28.10	42.60	19.75	21.80	45.95	1.05	6.40	401.80
TOW.1	56.75	58.80	74.75	65.05	63.30	71.10	81.70	66.80	58.55	57.00	72.30	71.05	797.15
TOW.2	11.60	9.50	5.30	6.30	9.85	13.40	17.20	17.50	19.40	17.80	30.40	25.60	183.85
TOTAL	1430.10	1473.55	1789.05	1491.25	1663.60	1911.05	2044.20	1656.90	1501.20	1454.35	1724.75	1682.75	19822.75

TOTAL EXPORTS BY GRADES 2009

MONTHS	NO.1	NO.2	3L	NO.3	GRADES		UHDS	TOW.I	TOW.II	TOTAL
					UG	UG				
JANUARY			252.00	60.00	1151.00					1463.00
FEBRUARY			56.00	115.50	1240.20		26.60			1438.30
MARCH			178.50	55.50	1556.10		45.80			1835.90
APRIL			189.00		1319.40		77.90	43.50		1629.80
MAY			104.00	25.50	1755.00		23.40			1907.90
JUNE			95.00	120.00	1171.40		28.40			1414.80
JULY	56.00		114.50	40.50	1225.90		184.40			1621.30
AUGUST			77.50	26.00	1357.50		44.40	44.00		1549.40
SEPTEMBER			78.00	25.50	719.20		24.00			846.70
OCTOBER	15.00		81.00		1182.05		22.40	66.00		1366.45
NOVEMBER		84.00	105.50		1653.90		256.40			2099.80
DECEMBER	56.00		168.00	40.50	1146.25		89.20			1499.95
TOTAL	127.00	84.00	1499.00	509.00	15477.90		822.90	153.50		18673.30

KENYA SISAL BOARD MANAGEMENT REPORT FOR THE PERIOD JULY 2008 TO JUNE 2009

Sisal in Kenya is mainly a plantation crop with a total of 10 estates growing sisal in 46,176 hectares. The estates are located in Eastern, Coast and Rift Valley provinces and in total produce 80% and above of the total production.

Smallholder production occupies 4285 hectares and accounts for 20% and below of the total production. This sector has remained informal with much of it still grown as hedges and as boundary demarcation for small land holdings. However, with provision of extension services by the Board, this scenario is slowly changing and some farmers are already allocating small portions of land for the sisal crop. Due to lack of resources, smallholder farmers lack appropriate decortications technologies and the necessary organizational infrastructure to produce and market their sisal effectively.

The total production for the year under review was 22,063,77 metric tonnes of fibre with the estates producing 20217.22 MT and the smallholders 1846.55 MT.

Sisal is mainly an export crop with over 80% of the plantation production exported to overseas destinations. Sisal production and marketing is mainly focused on raw fibre at the expense of finished or semi-finished products (i.e. little value addition). Local consumption is low and is mostly used in the spinning factories within the country. In 2008, 19,766 MT were exported while 2,429.9 MT were sold locally.

The future of the industry

With increased global environmental awareness on the harsh effects of non-biodegradable products like plastics and synthetic fibre, there has been an up-surge of the demand for sisal fibre. Global demand stands at 400,000 metric tonnes against a production of 270,000 metric tonnes of sisal fibre annually. The importance of sisal is bound to continue increasing in the future.

There are emerging new uses of sisal fibre and its by-products like in pulp and paper manufacture, bio-energy production, animal feeds, and bio-fertilizers, vehicle parts, building blocks etc. which mean that the crop's importance and demand will increase.

Sisal is well adapted to the arid and semi-arid areas (80% of Kenya's land mass) where 30% of the country's population (10 million) lives and is a cash crop of choice for these areas.

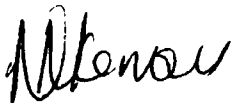
Immediate needs of the sisal industry

The sisal industry requires a new policy, legal and institutional framework to govern it. The sisal industry Act Cap 341 needs to be revised for effective revitalization of the industry.

There is need to promote sisal production by smallholder farmers through new policy guidelines and extension services. Promotion should be geared towards whole plant utilization as currently only the leaves are utilized for fibre extraction.

There is need for sisal research aimed at reducing the cost of production through adoption of better and efficient production and processing technologies, production of superior varieties with longer lifecycles and appropriating pest and disease management.

There is need to declare sisal a special crop and product of Kenya. The crop meets the criteria of being the source of livelihood and catalyst for rural development in the ASAL areas.



NAOMI N. KAMAU

ACTING MANAGEMENT DIRECTOR

On behalf of the management

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.”

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.”

THE BOARD'S CORE VALUES

The Board's core values embrace all areas that are critical to its business success and gaining sustainable competitive advantages: -

1. Integrity and honesty
2. Increase value for the stakeholders
3. Transparency and accountability
4. Environmental concern
5. Mutual respect and
6. Attracting and Maintaining well-motivated/competent work force

CORPORATE GOVERNANCE STATEMENT

Responsibilities of Board of Directors: -

The Exchequer and Audit Act (Cap 412) requires the Board to prepare financial statement for each financial year, which include a balance sheet showing in detail the assets and liabilities of the Board, a statement of Income and expenditure, and such other statements that the Board may deem necessary. The State Corporations Act (Cap 446) requires the Board to ensure that proper books are kept recording all the property undertaking, funds, activities, contracts, transactions and other business of the Board.

Kenya Sisal Board has operated without a Board of directors since mid 2000. The parent ministry appointed a task force in 2007 with the following terms of reference; -

1. To review the status of the current Kenya Sisal Board
2. Review the sustainability of the Kenya Sisal Board as a State Corporation
3. Make recommendations on the way forward

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 advice 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 fibre.
- Control and exports of sisal and sisal fibre
- Co-operate with all persons interested in the production and sale of sisal and sisal fibre.
- Render services 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 money, which may be place at the disposal of the board as it renders regulatory services.

Specifically, the Board members are responsible for:

- Establishment of the Strategic Plan and guiding its implementation
- Approve of Performance targets including budgets and monitoring their achievements.
- Approve and review overall business strategies, significant policies and the structure of the Board.
- Ensuring preparation and presentation of annual financial statements and disclosure of other relevant information to members.
- Ensuring that effective systems of control are in place to manage major risks faced by the Board complies with all statutory and legal requirements including prescribed code of best practice.

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 346 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 Management Director was deployed from the parent Ministry since January, 2007.

MANAGEMENT STRUCTURE

The Board's present Management team is as follows: -

Title		Name
Acting Managing Director		Naomi N. Kamau
Administration:	Senior Executive Officer	Mary A. Okul (Mrs)
	Executive Secretary	Catherine M. Nyaga (Mrs)
Finance:	Board Accountant	Charles B. Omonya
	Deputy Board Accountant	Benson B. Naibei

As at the close of the financial year, the Board had a total of 28 staff members.

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE YEAR ENDED 30TH JUNE, 2009

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 judgements 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 controls.

Apart from not satisfying the legal requirements 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 signed on its behalf by: -



NAOMI N. KAMAU
AG. MANAGING DIRECTOR



MARY A. 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 2009

I have audited the financial statements of Kenya Sisal Board set out on pages 6 to 17 which comprise the statement of financial position as at 30 June 2009, the statement of comprehensive income, statement of changes in equity and the cash flow statement for the year then ended together with a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanation which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Board's Responsibility for the Financial Statements

The Board is 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 in accordance with the International Financial Reporting Standards. This responsibility includes; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

1. Continuity of the Board as a Going concern

As similarly reported in 2007/2008, the Kenya Sisal Board operated without Board members and as a result, all functions of the Board including policy decisions normally performed by board members continued to be undertaken by the acting Managing director (also the Chief Executive) seconded to Kenya Sisal Board by the Parent ministry. Although the Ministry was notified of the expiry of the Board members term in March 2000, a new Board is yet to be constituted. Apparently and as also observed in the previous year's report, the Parent Ministry appointed a task force on 9 August 2007 to review the Board's sustainability as a State Corporation. In its findings in December 2007, the task force reported that the Corporation could not be sustained without the support of the exchequer in view of which, therefore, it recommended that the key functions of the sisal industry be undertaken by the Ministry in the absence of a Board. Available information indicates that the Ministry in consultation with the Treasury, State Corporations Advisory committee and the Attorney General appointed in April 2008 a task force headed by the Treasury to look into the matter. However, the Task force had not commenced its work as at 30 June 2009.

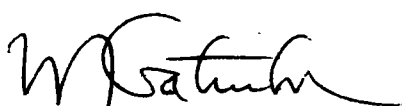
In the circumstances the continued operation of the Board as a going concern is uncertain.

2. Leasehold Land

As disclosed in notes 1 and 2 to the financial statements, the non-current assets balance of Kshs 71,830,319 as at 30 June 2009 includes leasehold land valued at Kshs 49,580,000. Although the accounting policy for lease 1(g) shows the figure of Kshs 49,580,000 as the valuation of leasehold land in 2000, the value has not been amortized over the lease period, as apparently such amortization would deplete the entire general fund. However, this policy contradicts the accounting standards that require disclosure of valuation methods, assumptions made in valuation and the amounts that would have been recognized had the assets been carried under the cost model. In the absence of the above disclosures in the financial statements, it has not been possible to confirm that the leases, in question are properly presented in the financial statements.

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 position of the Board as at 30 June 2009 and of its surplus and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Sisal industry Act Cap 341 of the Laws of Kenya.



A.S. M. GATUMBU
CONTROLLER AND AUDITOR GENERAL

Nairobi

24th November 2009

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2009

		2008/2009	2007/2008
	NOTES	Kshs.	Kshs.
Revenue	8	17,839,431	15,024,002
Other Income	9	308,045	62,182
Administrative expenses	10	(8,171,089)	(6,761,293)
Employees salaries and benefits	11	(7,566,146)	(6,814,887)
Surplus for the year		<u><u>2,410,241</u></u>	<u><u>1,510,005</u></u>

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2009

	NOTES	2008/2009 Kshs.	2007/2008 Kshs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1 & 2	71,830,319	70,238,643
Current Assets			
Inventories	3	1,760	108,117
Trade and other Receivables	4	2,585,780	2,222,941
Cash and cash equivalents	5	1,511,170	939,933
		4,098,710	3,270,991
Total Assets		75,929,029	73,509,634
EQUITY AND LIABILITIES			
Revaluation reserve		58,435,531	58,435,531
General Fund		16,977,758	14,589,517
Total equity		75,413,289	73,025,048
Current Liabilities			
Trade and other payables	6	335,740	304,586
Short term provisions	7	180,000	180,000
Total current liabilities		515,740	484,586
Total equity and liabilities		75,929,029	73,509,634

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2009

	GENERAL FUND	TOTAL
	Kshs.	Kshs.
At 1st July 2007	13,059,512	13,059,512
Prior period adjustments	20,000	20,000
Surplus for the year	1,510,005	1,510,005
At 30th June, 2008	14,589,517	14,589,517
At 1st July, 2008	14,589,517	14,589,517
Prior period adjustments	(22,000)	(22,000)
Surplus for the year	2,410,241	2,410,241
At 30th June, 2009	16,977,758	16,977,758

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2009

		2008/2009	2007/2008
		Kshs.	Kshs.
	NOTES		
Cash flows from operating activities			
Cash receipts from customers	12	17,938,931	14,426,932
Cash paid to suppliers and employees	13	(15,064,114)	(13,532,109)
Cash generated from operations		2,874,817	894,823
Cash flows from investing activities			
Purchase of property, plant & equipment	14	(2,303,580)	(1,834,057)
Net cash used in investing activities		(2,303,580)	(1,834,057)
Net increase (decrease) in cash and cash equivalents		571,237	(939,234)
Cash and cash equivalents at beginning of year		939,933	1,879,167
Cash and cash equivalents at end of year		<u>1,511,170</u>	<u>939,933</u>

NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR 2008/2009**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 a 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 Obligations

The Board operates a defined contributions staff retirement benefits scheme for its employees. The scheme is administered by Insurance Company of East Africa. The Board makes a monthly contribution of 13% of the employee's basic salary and the employee contributes 5% of their monthly basic salary. 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 Lease

The Board owns 4 plots in Mombasa 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 have 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 the changes in presentation in the current year.

(i) Cash and Cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises cash in hand and deposit held at call with the bank. The statement is provided in compliance with IAS 7.

(j) Revaluation Reserve

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

(k) Incorporation

The Board is a State Corporation established 1946 under the Sisal Industry Act Cap 346 of Laws of Kenya. Its registered office is old Mutual House, Second floor.

(l) Tax

The Board's income is exempt from Tax.

(m) Reporting Currency

These accounts are presented in Kenya Shillings (KShs.)

(n) Capital Commitments

The Board commenced rehabilitation of Godown No. 11 during the 2008/2009 financial year in phases.

NOTE 2: PROPERTY, PLANT AND EQUIPMENT

	GODOWNS	LEASEHOLD LAND	FURNITURE & FITTINGS	MOTOR VEHICLE	TOTAL
COST	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At start of the year	28,186,643	49,580,000	11,914,721	853,399	80,534,763
Additions	1,991,381	-	312,199	-	12,303,580
Disposals	-	-	-	-	-
At end of the year	30,178,024	49,580,000	2,226,920	853,399	82,838,343
Depreciation					
At start of the year	8,264,853	-	1,188,417	842,850	10,296,120
On disposals	-	-	-	-	-
Charge for the year	627,207	-	82,060	2,637	711,904
At end of the year	8,892,060	-	1,270,477	845,487	11,008,024
Net book value	-	-	-	-	-
At 30th June, 2009	21,285,964	49,580,000	956,443	7,912	71,830,319
At 30th June 2008	19,921,790	49,580,000	726,304	10,549	70,238,643

NOTE 3: INVENTORIES

Inventories are stated at lower of cost and net realisable value. They consist of baling press oil at Kshs. 1,760/=.

NOTE 4: TRADE AND OTHER RECEIVABLES

	2007/2008	2006/2007
	Kshs.	Kshs.
Trade Debtors	2,517,026	2,162,261
Staff Debtors	59,825	98,178
Other Debtors	62,431	35,904
Prepayments	46,498	26,598
Less Provision for bad debts	(100,000)	(100,000)
	<u>2,585,780</u>	<u>2,222,941</u>

NOTE 5: CASH AND CASH EQUIVALENTS

	2007/2008	2006/2007
	Kshs.	Kshs.
Petty cash Inspectorate - MSA	17,892	14,851
Petty cash - Head office	12,192	9,558
Bank Balances - NBK	1,481,986	915,524
	<u>1,511,170</u>	<u>939,933</u>

NOTE 6: TRADE AND OTHER PAYABLES

	2007/2008	2006/2007
	KSHS.	KSHS.
Trade Creditors	79,984	71,960
Other Creditors	233,602	218,452
Staff Creditors	22,154	14,174
	<u>335,740</u>	<u>304,586</u>

NOTE 7: SHORT TERM PROVISIONS

	2008/2009	2007/2008
	Kshs.	Kshs.
Audit Fees	<u>180,000</u>	<u>180,000</u>

NOTE 8: REVENUE

	2008/2009	2007/2008
	Kshs.	Kshs.
Cess	622,490	572,205
Inspection	7,409,133	7,157,821
Licence fees	74,950	82,350
Rebaling charges	60,400	113,600
Rent	9,672,458	7,098,026
	<u>17,839,431</u>	<u>15,024,002</u>

NOTE 9: OTHER INCOME

	2008/2009	2007/2008
	Kshs.	Kshs.
	<u>300,045</u>	<u>62,182</u>

During the financial year, the Board earned a sum of Kshs 308,045/= from other sources of income

NOTE 10: ADMINISTRATION GENERAL

	2008/2009	2007/2008
	KSHS	KSHS
National Social Security fund	66,600	66,600
Retirement Benefits Scheme	812,386	691,291
Medical expenses	365,458	267,270
Repairs and maintenance	209,237	249,131
Travelling and Accommodation expenses	176,700	189,796
Security expenses	134,770	111,123
Conservancy expenses	138,845	91,708
Rent expenses	1,483,322	1,455,006
Motor vehicle running expenses	447,379	439,274
Staff Uniform expenses	92,460	-
Staff Training Expenses	245,377	95,142
Telephone expenses	199,427	177,845
Electricity expenses	179,929	88,372
Bank charges expenses	65,145	44,902
Subsistence allowance expenses	93,410	74,725
Printing and stationery expenses	370,756	246,060
Postage Expenses	51,540	59,754
Sundry Expenses	116,603	123,032
Transport expenses	49,050	38,060
Wages Expenses	12,400	10,400
Leave Travelling expenses	110,600	120,000
Newspapers and Publication expenses	20,255	17,535
Advertising and Publicity expenses	111,451	-
Audit fees expenses	180,000	180,000
Insurance Expenses	350,175	404,864
Baling Press oil expenses	106,356	-
Baling press operating expenses	90,000	40,000
Land rent expenses	100,500	200,987
Depreciation	711,904	639,595
Official entertainment expenses	25,871	11,690
Consumable store expenses	9,816	3,375
Penalties and fines	-	2,250
Legal expenses	248,147	-
Training of MOA staff	-	249,865
Training of Farmers	-	33,550
Demonstration expenses	74,309	49,430
Fees, commission & Honoraria	83,856	104,001
Decortication service expenses	106,500	57,925
ISO Training Expenses	191,489	36,800
Computer expenses	69,015	-
Nursery development expenses	35,000	-
	8,171,089	6,761,292

NOTE 11: EMPLOYEES SALARIES AND BENEFITS

	2008/2009	2007/2008
	Kshs.	Kshs.
Salaries	5,384,792	4,632,833
House Allowance	1,919,500	1,916,850
Overtime Allowance	8,654	12,004
Drivers allowance	10,800	10,800
Other remunerative allowances	240,000	240,000
Watchman allowance	2,400	2,400
	<u>7,566,146</u>	<u>6,814,887</u>



Sisal Board of Kenya