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# **nzoia sugar company limited**



**30th June 1994**



**DIRECTORS REPORT AND ACCOUNTS FOR THE YEAR ENDED  
30TH JUNE, 1994**

|  | PAGE    |
|--|---------|
| <b>CONTENTS</b>                              |         |
| Directors Report                             | 2 - 3   |
| Chairman's Report                            | 4       |
| Auditor General's Report                     | 5 - 6   |
| Profit and Loss Account                      | 7       |
| Balance Sheet                                | 8       |
| Statement of Source & Application of Funds   | 9       |
| Notes to the Accounts                        | 10 - 22 |
| <br><b>MANAGEMENT INFORMATION SCHEDULES</b>  |         |
| Trading, Profit and Loss Account             | 23      |
| Factory - Cost of Production                 | 24      |
| Agriculture Administration Expenses          | 25      |
| Agriculture Services Administration Expenses | 26      |
| General Administration Expenses              | 27      |
| Outgrowers Administration Expenses           | 28      |
| Financial and Professional Charges           | 29      |
| Creditors and Accruals Schedule              | 30      |
| Debtors and Prepayments Schedule             | 31      |

**REPORT OF THE BOARD OF DIRECTORS**

The Directors have pleasure in presenting their report and accounts for the year ended 30th June, 1994.

**1. PRINCIPAL ACTIVITIES**

The principle activities of the Company continue to be growing and manufacturing as well as the sale of sugar and molasses. Phase II expansion work designed to increase the factory capacity from 3,000 tons of cane per day (TCD) to 7,000 TCD came to a halt at the beginning of the Financial Year when the contractor discontinued the work. This has substantially affected the expected improvement of the Company's trading results by creating uncertainty in that regard.

**2. RESULTS**

The accounts of the Company are detailed in the annexures on page 9 to 33. The Company realised a gross loss of Kshs. 11,314,100.00. The improvement in gross loss in comparison to the previous year is attributed to high level of production as indicated in (3) and higher revenue realised on the decontrolling of sugar prices. Consequent upon liberalisation of the sugar market.

The year's overhead expenses totaling to Kshs. 808,510,561 resulted in an operating loss of Kshs. 817,644,445 at the close of the period.

Interest expenses were mainly on Rehabilitation and expansion loans for Phase I which is now fully operational. Bank interest rates increased resulting into high charges on the overdraft.

**PRODUCTION**

Factory production increased by 1,369 tonnes of sugar above the previous year's level and dropped by 5,990 tonnes of sugar below the Factory's rated capacity due to mainly unavailability of Factory's main input (cane).

**SHAREHOLDERS**

|                                    |                    |              |
|------------------------------------|--------------------|--------------|
| <b>Government of Kenya</b>         | <b>501,000,000</b> | <b>97.8%</b> |
| <b>Fives Call Babcock</b>          | <b>6,000,000</b>   | <b>1.2%</b>  |
| <b>Industrial Development Bank</b> | <b>5,000,000</b>   | <b>1.0%</b>  |

**DIRECTORS AS AT 30TH JUNE 1994**

|                          |   |   |
|--------------------------|---|---|
| <b>Mr. Paul Nakitare</b> | - | Chairman - Nzoia Sugar Company  |
| <b>Mr. J.J. Nyagah</b>   | - | Ministry of Finance (Alternate)                                       |
| <b>Mr. J.O. Onyango</b>  | - | Ministry of Agriculture Livestock Development & Marketing (Alternate) |
| <b>Mr. J.A. Mudavadi</b> | - | Kenya Sugar Authority   |
| <b>Mr. D.O. Nyanjom</b>  | - | Industrial Development Bank   |
| <b>Mr. J.K. Owiti</b>    | - | East African Development Bank   |
| <b>Mr. D. Ameyo</b>      | - | Attorney General's Chamber (Alternate)                                |
| <b>Mr. M. Dumis</b>      | - | Fives Cail Babcock  |
| <b>Mr. F.T. Wabuke</b>   | - | Managing Director - Nzoia Sugar Company                               |

**AUDITORS**

Auditor General (Corporations)

**BANKERS**

National Bank of Kenya  
Kenya Commercial Bank

**REGISTERED OFFICE**

Nzoia Sugar Company  
P.O. Box 285  
BUNGOMA.

**SENIOR MANAGEMENT**

|   |   |                   |
|---|---|-------------------|
| <b>Managing Director</b>                | - | Mr. F. T. Wabuke  |
| <b>Agriculture manager</b>              | - | Mr. N.C.O. Keya   |
| <b>Personnel &amp; Training Manager</b> | - | VACANT            |
| <b>Chief Accountant</b>                 | - | Mr. F.W.O. Makete |
| <b>Agriculture Services Manager</b>     | - | Mr. G.W. Kololi   |
| <b>Company Secretary/Legal Officer</b>  | - | VACANT            |
| <b>Factory Manager</b>                  | - | Mr. J. Ellison    |

By order of the Board.

**COMPANY SECRETARY/LEGAL OFFICER**



**CHAIRMAN'S REPORT**  
**1993/94 ACCOUNTS**

I have pleasure to present the report on the Accounts for Nzoia Sugar Company Limited for the year ended 30th June 1994.

**OPERATIONS**

The factory milled 384,406 tonnes cane during the year ending 30th June, 1994 compared to 349,227 tonnes for the previous year. At a rendement of 7.09%, the factory produced 27,269 tonnes of sugar for the year (1992/93 - 25,665 tonnes) representing a 6.2% increase on sugar production.

**FINANCIAL RESULTS**

The company made an operating loss of Kshs. 817,644,445 in the year compared to a loss of Kshs. 558,454,875 in the year 1992/93. The deterioration in the financial performance of the company was basically due to low factory throughput, high overheads, and heavy debt service burden arising from foreign loans for factory rehabilitation and expansion.

**ACKNOWLEDGEMENT**

In order for the company to continue operations during the year it had to rely on the assistance of the various stakeholders.

I wish to acknowledge the continued support of all stakeholders particularly the various Government departments, Kenya Sugar Authority, suppliers and customers. I wish also to thank most sincerely the Directors of the Board for their contribution and support during the year.

Finally, I wish to appreciate the efforts of Management and staff of the company for maintaining the operations of the company during the otherwise very difficult period.



**JOSEPH MULIRO**  
CHAIRMAN

**A REPORT OF THE AUDITOR GENERAL ( CORPORATIONS) ON ACCOUNTS OF NZOIA SUGAR COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE, 1994.**

I have examined the accounts of Nzoia Sugar Company Limited for the year ended 30 June 1994 in accordance with Section 29 (2) of the Exchequer and audit Act (Cap 412). I have obtained all the information and explanations which were considered necessary for the purpose of the audit. Proper books of account have been maintained by the Company and the accounts which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets are in agreement therewith and comply with the Company's Act (Cap 486).

Subject to the reservations set out herebelow, in my opinion, the accounts when read together with the notes thereon, present a true and fair view of the financial state of affairs of the company as at 30 June, 1994, and of its results and source and application of funds of the year then ended.

**1. FINANCIAL POSITION**

The company's financial position deteriorated further during the year under review. The accounts reflect a loss of Kshs. 817,644,445 ( 1992/93 Kshs. 558,454,875), which brought the cumulative losses to Kshs 3,071,962,516 as at 30 June 1994, (1992/93 - Kshs. 2,172,712,848) while the Company's Balance Sheet reflects a negative working capital of Kshs. 2,901,602,096 as at the same date (Kshs. 1,462,061,965 1993). As previously reported, the company was insolvent and was unable to meet its financial obligations as and when they fell due. In particular the Company could not pay cane farmers their dues totalling Kshs. 192,172,650 some of which relate back to the year 1993, settle trade creditors, statutory deductions and other creditors totalling Kshs. 449,617,042 as at 30 June 1994. The company could not service the current portion of long term loans and accrued interest amounting to Kshs. 1,333,738,594 and Kshs. 806,205,280 respectively. The Company's accounts have therefore been prepared on a going concern basis on the assumption that the company will continue to get financial support from its main shareholders, lenders and other creditors.

**2. PHASE II EXPANSION WORK IN PROGRESS - KSHS. 2.8 BILLION.**

In my reports for the years 1991/92 and 1992/93 I expressed concern over the manner in which phase II expansion contract was awarded in September 1990. Although the Company has since explained that it was a Government decision to award the contract to a foreign firm without inviting open tenders, it is apparent that the contractor was not selected with due care. Since open tenders were not invited, it was not possible to determine whether the contract cost was the most competitive in the market. The project, the value of which is stated in these accounts as Kshs. 2,798,675,937 has been abandoned since 13 July 1993 when the contractor pulled out from the site due to serious disagreement with the company attributable mainly to the company's inability to pay. I have, however, been informed that an amount of US\$ 5 million being arbitration sum was subsequently paid by Kenya Sugar Authority on the company's behalf so that the machines and equipment for phase II expansion could be released for use by the corporation. In spite of the payment and the release of the



equipment and machines the expansion project has not resumed as the company is yet to identify another contractor and probably a financier to complete the civil works, installation and commissioning of the project. Now that the project has stalled it is not clear how the company will get out of the perpetual precarious financial position.

### **3. AGRICULTURAL MACHINERY - VANGUARDS**

The company received a total of 36 vanguard tractors and other farm machines for phase II project in 1991. Some of the machines had already been grounded as at 30 June 1994 due to lack of spare parts. Apparently the company accepted the rare machines without readily available back-up spares even after experiencing a similar problems with a fleet of vanguard tractors - received under phase I project. In the absence of the spares the machines are not of much use and the company now intends to sell them.

### **4. INSURANCE POLICY CERTIFICATE**

The company paid for fourteen (14) insurance policies through a firm of insurance brokers an amount of Kshs. 5,395,852 to cover various risks during the period ending 30 June 1994. Apparently the premium was not passed on to the underwriters and underwriter certificates were not issued. The company is yet to recover the Kshs. 5,395,852 from the brokers.



**W.K. KEMEI**  
**AUDITOR-GENERAL (CORPORATIONS)**


9 January 1998.

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1994**

|  | 30.06.94             | 30.06.93             |
|--|----------------------|----------------------|
|  | <u>KSHS</u>          | <u>KSHS</u>          |
| <b>Turnover</b>                          | <u>778,895,339</u>   | <u>398,637,564</u>   |
| Loss for the year                        | 817,644,445          | 558,454,875          |
| (Gain)/Loss on Exchange                  | (231,371,367)        | 552,292,254          |
| <b>Prior Year Adjustment</b>             | <u>312,976,590</u>   | <u>(595,993)</u>     |
|  | 899,249,668          | 1,110,151,136        |
| <b>Deficit Brought Forward</b>           | <u>2,172,712,848</u> | <u>1,062,561,712</u> |
| <b>Operation Deficit carried forward</b> | <b>3,071,962,516</b> | <b>2,172,712,848</b> |



.....  
D.O NYANJOM  
DIRECTOR



.....  
MANAGING DIRECTOR



**BALANCE SHEET AS AT 30TH JUNE 1994**

|   | NOTES | 30.06.94               | 30.06.93               |
|---|-------|------------------------|------------------------|
|   |       | <u>KSHS</u>            | <u>KSHS</u>            |
| <b>ASSETS EMPLOYED</b>                          |       |                        |                        |
| Fixed Assets (Net)                              | 2     | 803,297,069            | 856,342,915            |
| Deferred Expenditure                            | 3     | 870,860,259            | 1,236,514,658          |
| Factory Expansion Work in Progress              |       | 2,798,675,937          | 1,650,357,077          |
|   |       | <u>4,472,833,265</u>   | <u>3,743,214,650</u>   |
| <b>CURRENT ASSETS</b>                           |       |                        |                        |
| Growing Cane Valuation                          | 4     | 55,691,879             | 32,636,043             |
| STOCK AND STORES                                | 5     | 165,548,442            | 129,902,887            |
| Debtors and Prepayments                         | 6     | 171,768,712            | 84,812,967             |
| Cash  |       | 17,290,478             | 875,346                |
|   |       | <u>410,299,511</u>     | <u>248,227,243</u>     |
| <b>CURRENT LIABILITIES</b>                      |       |                        |                        |
| Creditors and Accrual                           | 7     | 1,447,994,972          | 712,828,118            |
| Bank Overdraft                                  | 9     | 530,168,041            | 337,448,883            |
| Current Maturity of Long Term Loans             | 12    | 1,333,738,594          | 660,012,207            |
|   |       | <u>3,311,901,607</u>   | <u>1,710,289,208</u>   |
| <b>NET CURRENT LIABILITIES</b>                  |       | <u>(2,901,602,096)</u> | <u>(1,462,061,965)</u> |
|   |       | <u>1,571,231,169</u>   | <u>2,281,152,685</u>   |
| <b>FINANCED BY</b>                              |       |                        |                        |
| Ordinary Shares of Kshs. 20/= each fully paid10 |       | 512,000,000            | 512,000,000            |
| Deposit for Shares (MOF)                        |       | 20,000,000             | 20,000,000             |
|   |       | <u>532,000,000</u>     | <u>532,000,000</u>     |
| Profit (Loss) Account (Accumulated loss)        |       | (3,071,962,516)        | (2,172,712,848)        |
| Revaluation Reserve                             |       | 310,728,194            | 310,728,194            |
|   |       | <u>(2,229,234,322)</u> | <u>(1,329,984,654)</u> |
| Long-term Loans                                 | 12    | 3,800,465,491          | 3,611,137,339          |
|   |       | <u>1,571,231,169</u>   | <u>2,281,152,685</u>   |



.....  
D-O NYANJOM  
DIRECTOR



.....  
MANAGING DIRECTOR

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS**  
**FOR THE YEAR ENDED 30.06.94**

|  | 30.06.94                    | 30.06.93                    |
|--|-----------------------------|-----------------------------|
|  | <u>KSHS</u>                 | <u>KSHS</u>                 |
| <b>SOURCES OF FUNDS</b>                      |                             |                             |
| <b>FUNDS GENERATED FROM OPERATIONS</b>       |                             |                             |
| Loss from Operations                         | (817,644,445)               | (558,454,875)               |
| Gain (Loss) on exchange                      | 231,317,367                 | (552,292,254)               |
| Prior year adjustment                        | (312,976,590)               | 595,993                     |
| <b>ADD: <u>BACK ITEMS NOT REQUIRING</u></b>  |                             |                             |
| <b><u>MOVEMENT OF FUNDS</u></b>              |                             |                             |
| Depreciation                                 | 91,472,600                  | 96,846,215                  |
| Deferred expenditure amortization            | 31,763,898                  | 31,763,898                  |
| Loss (Gain) on disposal of fixed assets      | (2,180,216)                 | 1,277,464                   |
|  | <u>(778,193,386)</u>        | <u>(980,263,559)</u>        |
| <b>FROM OTHER SOURCES</b>                    |                             |                             |
| Loans raised                                 | 1,656,700,250               | 2,340,908,263               |
| Preceeds on disposal of fixed assets         | 2,700,000                   | 707,221                     |
| <b>SUB-TOTAL</b>                             | <b><u>1,659,400,250</u></b> | <b><u>2,341,615,484</u></b> |
| <b>TOTAL SOURCES OF FUNDS</b>                | <b><u>881,206,864</u></b>   | <b><u>1,361,351,925</u></b> |
| <b><u>APPLICATION</u></b>                    |                             |                             |
| Reduction of foreign loans on valuation      | 767,304,670                 | —                           |
| Loan repayments                              | 26,341,041                  | 51,152,324                  |
| Acquisition of fixed assets                  | 38,946,538                  | 15,120,517                  |
| Factory Expansion Work in Progress           | 1,148,318,860               | 802,032,394                 |
| Addition to deferred expenditure             | (333,890,501)               | 901,851,310                 |
| <b>TOTAL APPLICATION OF FUNDS</b>            | <b><u>1,647,020,608</u></b> | <b><u>1,770,156,545</u></b> |
|  | <b><u>(765,813,744)</u></b> | <b><u>(408,804,620)</u></b> |
| <b>CHANGE IN WORKING CAPITAL</b>             |                             |                             |
| Growing cane increase/(decrease)             | 23,055,836                  | 3,862,626                   |
| Stores and stock increase/(decrease)         | 35,645,555                  | 4,430,795                   |
| Debtors and pre-payments increase/(decrease) | 86,955,745                  | (48,739,909)                |
| Creditors and Accruals increase/(decrease)   | (735,166,854)               | (272,255,014)               |
|  | <u>(589,509,718)</u>        | <u>(312,701,502)</u>        |
| <b>MOVEMENT IN NET LIQUID FUNDS</b>          |                             |                             |
| Cash and deposit                             | 16,415,132                  | (14,648,434)                |
| Overdrafts                                   | (192,719,158)               | (81,454,684)                |
|  | <b><u>(765,813,744)</u></b> | <b><u>(408,804,620)</u></b> |



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

**1. ACCOUNTING POLICIES**

**(a) Accounting Policies**

The Company prepares its accounts on the historical cost convention.

**(b) Stock and Stores**

Stock of finished products are valued at net realisable value while stores are valued at weighed average cost.

**(c) Translation of Foreign Currencies**

Foreign currency balances have been translated into Kenya Shillings at sight rate of exchange ruling at the balance sheet date. This follows a major revaluation of Kenya shilling against major currencies.

**(d) Depreciation**

Depreciation is calculated to write off the cost of fixed assets over their useful lives on reducing balance at the following rates:-

|                                  |               |
|----------------------------------|---------------|
| Land Development                 | 5% per annum  |
| Factory Building                 | 10% per annum |
| Residential and Office Buildings | 5% per annum  |
| Factory Plant and Machinery      | 10% per annum |
| Tractors and Heavy Vehicles      | 35% per annum |
| Light Cars and Motor Cycles      | 25% per annum |
| Trailers and Farm implements     | 15% per annum |
| Furniture and Equipment          | 15% per annum |
| Field Workshop Equipment         | 15% per annum |
| Water and Electricity Inst.      | 15% per annum |
| Fencing                          | 15% per annum |

**(e) Turnover**

Turnover represents gross value of sugar and molasses sales before deduction of VAT and Kenya Sugar Authority Development Fund.

**(f) Deferred Expenditure**

This represents the Phase I and II pre-expansion expenses. Expenditure on Phase I is being amortized at the rate of Kshs. 31,763, 898 per annum over a 10 year period commencing March, 1991 while Phase II expenses will be written off over a predetermined period on commissioning

**(g) Growing Cane**

This is valued at the direct cost of growing cane not harvested at the Balance Sheet date.

## NZOIA SUGAR COMPANY LIMITED FIXED ASSETS SCHEDULE AS AT 30.06.94

| CLASS OF ASSETS                  | LAND DEVELOPMENT<br>KSHS. | FACTORY BUILDING<br>KSHS. | RESIDENTIAL & OFFICE BUILDING<br>KSHS. | FACTORY PLANT MACHINERY<br>KSHS. | TRACTORS & HEAVY VEHICLES<br>KSHS. | LIGHT CARS & MOTOR CYCLES<br>KSHS. | TRAILERS<br>KSHS. | FURNITURE & EQUIPMENT<br>KSHS. | FWS TOOLS & IMPLEMENTS<br>KSHS. | WATER & ELECTRIC INSTALLATION<br>KSHS. | FENCING<br>KSHS. | W.L.P<br>KSHS. | TOTALS<br>KSHS. |
|----------------------------------|---------------------------|---------------------------|--|----------------------------------|------------------------------------|------------------------------------|-------------------|--------------------------------|---------------------------------|--|------------------|----------------|-----------------|
| <b>COST</b>                      |                           |                           |  |                                  |                                    |                                    |                   |                                |                                 |  |                  |                |                 |
| Balance as at 1.7.93             | 55,000,000                | 93,600,000                | 95,044,019                             | 758,467,764                      | 91,463,178                         | 15,162,914                         | 26,490,519        | 13,930,473                     | 24,113,183                      | 9,681,550                              | 441,356          | 32,015,454     | 1,215,410,410   |
| Additions during the year        |                           |                           |  | 6,359,219                        | 11,532,643                         | 2,213,542                          | 400,000           | 823,239                        | 112,672                         |  |                  | 17,505,223     | 38,946,538      |
| Disposals & Write offs Transfers |                           |                           | (98,138)                               |                                  | (1,601,800)                        | (640,000)                          |                   | (142,282)                      | (328,405)                       |  |                  | (27,524,241)   | (2,810,625)     |
| TOTALS AS AT 30.06.94            | 55,000,000                | 93,600,000                | 94,945,881                             | 788,601,224                      | 104,849,181                        | 16,736,456                         | 26,890,519        | 14,611,430                     | 24,192,290                      | 9,681,550                              | 441,356          | 21,996,436     | 1,251,546,323   |
| <b>DEPRECIATION</b>              |                           |                           |  |                                  |                                    |                                    |                   |                                |                                 |  |                  |                |                 |
| Balance as at 1.7.93             | 10,202,156                | 32,189,040                | 16,710,582                             | 187,773,813                      | 68,472,848                         | 9,447,626                          | 11,748,945        | 8,384,641                      | 12,322,728                      | 1,624,773                              | 190,343          |                | 359,067,495     |
| Charges for the year             | 2,239,892                 | 6,141,096                 | 3,911,765                              | 60,082,741                       | 11,543,046                         | 1,322,208                          | 2,271,236         | 934,013                        | 1,780,434                       | 1,208,517                              | 37,652           |                | 91,472,600      |
| Disposals & Write Offs           |                           |                           | (17,101)                               |                                  | <F.551.792 >                       | <360,107 >                         |                   | <115,611 >                     | <246,230 >                      |  |                  |                | 2,290,841       |
| TOTAL DEPRECIATION 30.6.94       | 12,442,048                | 38,330,136                | 20,605,246                             | 247,856,554                      | 78,464,102                         | 10,409,727                         | 14,020,181        | 9,203,043                      | 13,856,932                      | 2,833,290                              | 227,995          |                | 448,249,254     |
| <b>WRITTEN DOWN VALUE</b>        |                           |                           |  |                                  |                                    |                                    |                   |                                |                                 |  |                  |                |                 |
| As at 30.06.94                   | 42,557,952                | 55,269,864                | 74,340,635                             | 540,744,670                      | 26,385,079                         | 6,126,729                          | 12,870,338        | 5,408,387                      | 10,335,358                      | 6,848,260                              | 213,361          | 21,996,436     | 803,297,069     |
| As at 30.06.93                   | 44,797,844                | 61,410,960                | 78,333,437                             | 570,693,951                      | 22,990,330                         | 5,715,288                          | 14,741,574        | 5,543,832                      | 11,790,455                      | 8,056,777                              | 251,013          | 21,015,454     | 856,342,915     |



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

|   | 30.06.94                   | 30.06.93                    |
|---|----------------------------|-----------------------------|
|   | <u><b>KSHS</b></u>         | <u><b>KSHS</b></u>          |
| <b>3. DEFERRED EXPENDITURE</b>              |                            |                             |
| Balance on 1st July 1993                    | 1,236,514,658              | 366,427,246                 |
| Expenditure for the year                    | (333,890,501)              | 901,851,310                 |
|   | <u>902,624,157</u>         | <u>1,268,278,556</u>        |
| Written off during the year                 | (31,763,898)               | (31,763,898)                |
|   | <u><u>870,860,259</u></u>  | <u><u>1,236,514,658</u></u> |
| <b>4. NUCLEUS ESTATE GROWING CANE</b>       |                            |                             |
| Growing cane brought forward                | 32,636,043                 | 28,773,417                  |
| ADD: Scum transport                         | 2,126,729                  | 1,512,504                   |
| Fertilizer and Chemicals                    | 6,324,935                  | 3,055,412                   |
| Labour                                      | 19,095,172                 | 10,031,194                  |
| Land preparation                            | 6,707,977                  | 5,736,199                   |
| Seedcane cost and transport                 | 2,506,654                  | 2,362,107                   |
| Land rent                                   | 1,600,000                  | 1,600,000                   |
| <b>SUB-TOTAL</b>                            | <u><u>70,997,510</u></u>   | <u><u>53,070,833</u></u>    |
| Less: Cane harvested                        | 10,722,562                 | 15,654,415                  |
| Seedcane to Outgrowers                      | 3,358,350                  | 3,319,594                   |
| Seedcane to nucleus estate                  | 1,224,619                  | 1,460,781                   |
| <b>SUB-TOTAL</b>                            | <u><u>(15,305,531)</u></u> | <u><u>(20,434,790)</u></u>  |
| <b>COST OF GROWING CANE CARRIED FORWARD</b> | <u><u>55,691,979</u></u>   | <u><u>32,636,043</u></u>    |

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1994  
(CONTINUED)**

**5. STOCK AND STORES**

**5.1 SUMMARY OF STOCK AND STORES**

|                                     | 30.06.94                  | 30.06.93                  |
|-------------------------------------|---------------------------|---------------------------|
|                                     | <u>KSHS</u>               | <u>KSHS</u>               |
| Cane in the yard                    | 176,223                   | 253,643                   |
| General Store                       | 7,512,965                 | 4,184,901                 |
| Parts store                         | 34,550,920                | 19,950,057                |
| Stationery Store                    | 3,242,445                 | 817,127                   |
| Factory Stores                      | 82,103,902                | 76,418,527                |
| Drug Store                          | 2,464,677                 | 520,464                   |
| Sugar Stocks                        | 3,383,000                 | 551,142                   |
| Sugar in progress                   | 4,410,980                 | 8,359,437                 |
| Stocks in Transit                   | 29,996,224                | 21,128,543                |
| NOCO Stocks                         | —                         | 11,840                    |
|                                     | <u>167,841,336</u>        | <u>132,195,781</u>        |
| Less: Provision for obsolete stocks | <u>(2,292,894)</u>        | <u>(2,292,894)</u>        |
|                                     | <u><b>165,548,442</b></u> | <u><b>129,902,887</b></u> |

**5.2 CHANGE IN STOCK**

|                  | 30.06.93                | 30.06.94 DIFFERENCES    |                           |
|------------------|-------------------------|-------------------------|---------------------------|
|                  | <u>KSHS.</u>            | <u>KSHS.</u>            | <u>KSHS.</u>              |
| Sugar Stock      | 551,142                 | 3,383,000               | 2,831,850                 |
| Work in Progress | <u>8,359,437</u>        | <u>4,410,980</u>        | <u>(3,948,457)</u>        |
|                  | <u><b>8,910,579</b></u> | <u><b>7,793,980</b></u> | <u><b>(1,116,599)</b></u> |



**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1994  
(CONTINUED)**

**DEBTORS & PREPAYMENTS (PAGE 33)**

|  | 30.06.94                  | 30.06.93                 |
|--|---------------------------|--------------------------|
|  | <u>KSHS</u>               | <u>KSHS</u>              |
| This is made up as follows:-           |                           |                          |
| Due from Outgrowers                    | 149,005,337               | 68,951,997               |
| Due from Government for Roads          | 6,124,060                 | 6,124,060                |
| Due from Staff for NBK Car Loan Scheme | 1,358,135                 | 1,697,825                |
| Due from Molasses Dealers              | 1,372,525                 | 1,780,060                |
| Due from Staff                         | 6,764,437                 | 3,520,840                |
| General Debtors                        | 10,073,150                | 10,151,915               |
| Prepayments                            | 1,964,089                 | 942,441                  |
| Sugar Debtors                          | 3,463,150                 | —                        |
|  | <u>180,124,883</u>        | <u>93,169,138</u>        |
| Less: Provision for bad debtors        | (8,356,171)               | (8,356,171)              |
|  | <u><b>171,768,712</b></u> | <u><b>84,812,967</b></u> |

**7. CREDITORS AND ACCRUALS (PAGE 32)**

|                              |                             |                           |
|------------------------------|-----------------------------|---------------------------|
| Trade Creditors and Farmers  | 352,449,565                 | 151,028,758               |
| Accrued Interest on Loans    | 806,205,280                 | 404,305,716               |
| Excise Duty VAT              | 16,071,490                  | 767,032                   |
| Ministry of Agriculture      | 71,671,039                  | 53,217,939                |
| 3rd Party Payroll Recoveries | 46,168,329                  | 30,337,741                |
| Audit Fee Provision          | 1,680,716                   | 1,275,716                 |
| FCB Creditors                | 8,718,402                   | 9,972,835                 |
| Accrued For N/E Land Rent    | 8,000,000                   | 6,400,000                 |
| General Creditors            | 103,027,474                 | 30,207,181                |
| Presumptive Income Tax       | 34,002,677                  | 25,315,200                |
|                              | <u><b>1,447,994,972</b></u> | <u><b>712,828,118</b></u> |

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1994  
(CONTINUED)**

**BANK LOANS AND OVERDRAFTS FACILITIES**

**8. Securities**

- (a) A debenture for Kshs. 76,000,000 (Kshs. Seventy Six Million) over the entire assets of the company ranking 'pari pasu' with that of IDB for Kshs. 13,000,000 (Kshs. Thirteen million) as well as call deposit amounting to Kshs. 1,521,196 held under lien to the Bank against staff car Loan.
- (b) A guarantee by Government of Kenya for Kshs. 315,000,000 (Kshs. Three hundred and fifteen million) term loan from National Bank of Kenya for phase I and II Expansion and Rehabilitation.
- (c) A guarantee by the Kenya Government for US\$ 76,737,915 (US Dollar Seventy Six Million Seven Hundred Thirty Seven Thousand Nine Hundred and Fifteen) term loan from Export Import (USA) for expansion and rehabilitation.
- (d) A guarantee by Government of Kenya for SDR 3,077,504 (Special drawing right) (SDR) Three Million Seventy Seven Thousand Five Hundred and Four only) term loan from East African Development Bank for Expansion and Rehabilitation.
- (e) A guarantee by Government of Kenya for Kshs. 17,898,480 (Kshs. Seventeen Million Eight Hundred Ninety Eight Thousand Four Hundred Eighty Only) term loan from Industrial Development Bank.

**9. Facilities**

**(i) National Bank of Kenya Limited**

- (a) Kshs. 150,000,000 overdraft facility with National Bank of Kenya for working capital.
- (b) Kshs. 1,500,000/= overdraft for staff car loan scheme.
- (ii)
- (a) Kshs. 10,000,000/= facility for letters of credit.
- (b) Kshs. 5,000,000/= guarantee bond to commissioner of Customs and Excise for manufacture of excisable goods. This is to be withdrawn since sugar is now subject to V.A.T. but not excise duty.



**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1994 (CONTINUED)**

|                          |  | 30.06.94    | 30.06.93    |
|--------------------------|--|-------------|-------------|
|                          |  | <u>KSHS</u> | <u>KSHS</u> |
| <b>10. SHARE CAPITAL</b> |  |             |             |
| <b>10.1</b>              | <b><u>Authorised</u></b>   |             |             |
|                          | 30,000,000 ordinary shares, 20/= each                                      | 600,000,000 | 600,000,000 |
| <b>10.2</b>              | <b><u>Issued and fully paid</u></b>  |             |             |
|                          | 25,600,000 ordinary shares   | 512,000,000 | 512,000,000 |
| <b>10.3</b>              | <b><u>Deposit for shares</u></b>   |             |             |
|                          | Deposit for shares is made up of cash subscriptions for equity by treasury | 20,000,000  | 20,000,000  |

**11. SHARE HOLDINGS**

|                             | BALANCE AS AT<br>30.06.94 | BALANCE AS AT<br>30.06.93 |
|-----------------------------|---------------------------|---------------------------|
|                             | <u>KSHS</u>               | <u>KSHS</u>               |
| Fives Cail Badcock          | 6,000,000                 | 6,000,000                 |
| Industrial Development Bank | 5,000,000                 | 5,000,000                 |
| Ministry of Finance         | 501,000,000               | 501,000,000               |
|                             | <hr/> 512,000,000         | <hr/> 512,000,000         |

12 LONG-TERM LOANS FOR THE YEAR ENDED 30TH JUNE, 1994

30.06.94 30.06.93

KSHS. KSHS.

12.0 SUMMARY

Description

**Ministry of Agriculture Loans:**

|              |                    |                    |
|--------------|--------------------|--------------------|
| Portion iii  | 19,379,961         | 19,379,961         |
| Portion iv   | 19,158,899         | 19,158,899         |
| Portion v    | 15,643,797         | 15,643,797         |
| Portion vi   | 8,300,000          | 8,300,000          |
| Portion vii  | 18,000,000         | 18,000,000         |
| Portion viii | 80,000,000         | 80,000,000         |
|              | <u>160,482,657</u> | <u>160,482,657</u> |

**Ministry of Finance**

|                          |                      |                    |
|--------------------------|----------------------|--------------------|
| OPEC                     | 859,094,593          | 432,713,203        |
| Post Bank Credit Limited | 17,109,358           | 17,109,358         |
| KSA Loan                 | 178,152,185          | 178,152,185        |
| <b>SUB-TOTAL</b>         | <u>80,000,000</u>    | <u>—</u>           |
|                          | <b>1,294,838,793</b> | <b>788,457,403</b> |

12.1 **Rehabilitation and Expansion Loans**

|   |                      |                      |
|---|----------------------|----------------------|
| National Bank of Kenya - Rehabilitation   | 21,413,387           | 39,723,848           |
| National Bank of Kenya - Expansion        | —                    | —                    |
| EADB Initial Loan                         | 151,885,943          | 182,255,397          |
| EADB Supplementary Loan                   | 28,851,518           | 35,144,044           |
| Exim Bank - Machinery Loan Phase II       | 2,741,225,068        | 2,148,659,438        |
| Exim Bank - Machinery Phase I             | 863,955,227          | 1,036,702,278        |
| Application Fee Loans                     | 15,060,269           | 21,944,033           |
| Industrial Development Bank               | 16,973,880           | 18,263,105           |
| <b>GRAND TOTAL</b>                        | <u>5,134,204,085</u> | <u>4,271,149,546</u> |
| Less: Current Maturity of Long-term Loans | (1,333,738,594)      | (660,012,207)        |
|   | <u>3,800,465,491</u> | <u>3,611,137,339</u> |



**LONG-TERM LOANS FOR THE YEAR ENDED 30TH JUNE, 1994**

30.06.94                      30.06.93

**KSHS.**

**KSHS.**

**12.2 CURRENT MATURITY**

**(a) Overdue**

|                                |                           |                           |
|--------------------------------|---------------------------|---------------------------|
| Ministry of Agriculture Loans: | 22,333,661                | 13,455,395                |
| OPEC                           | 9,850,843                 | 8,813,487                 |
| Ministry of Finance            | 432,713,202               | 210,391,953               |
| East African Dev. Bank         | 49,924,230                | 30,429,487                |
| Exim Bank                      | 107,994,406               | 1,290,825                 |
| <b>SUB-TOTAL</b>               | <b><u>622,816,342</u></b> | <b><u>264,381,572</u></b> |

**(b) Payable within one year of the Balance Sheet Date**

|                             |                             |                           |
|-----------------------------|-----------------------------|---------------------------|
| Ministry of Finance         | 426,381,391                 | 222,321,250               |
| Ministry of Agriculture     | 10,878,266                  | 8,878,266                 |
| OPEC                        | 1,036,931                   | 1,036,931                 |
| Exim Bank - Machinery       | 245,055,663                 | 129,587,788               |
| Exim Bank - Application Fee | 2,151,467                   | 2,581,651                 |
| EADB                        | 25,418,534                  | 30,429,487                |
| Industrial Development Bank | —                           | 795,262                   |
| <b>SUB-TOTAL</b>            | <b><u>710,922,252</u></b>   | <b><u>395,630,635</u></b> |
| <b>GRAND TOTAL</b>          | <b><u>1,333,738,594</u></b> | <b><u>660,012,207</u></b> |

**Summary of Current Maturities**

|                                 |                             |                           |
|---------------------------------|-----------------------------|---------------------------|
| Expansion Loans                 | 1,300,517,159               | 627,827,703               |
| Other Loans                     | 33,221,435                  | 32,184,504                |
| <b>TOTAL CURRENT MATURITIES</b> | <b><u>1,333,738,594</u></b> | <b><u>660,012,207</u></b> |

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

12.3 **MINISTRY OF AGRICULTURE - KENYA GOVERNMENT**

(a) **Portion III - Worked Capital Loan - Kshs. 19,379,961**

The original loan was Kshs. 16,100,740/=. It bears an interest rate of 11% p.a which was capitalised up to 30th June, 1987. The interest accrued and capitalised upto 30th June, 1987. is Kshs. 3,279,221. The loan is payable in 20 half yearly installments commencing 15th June 1990.

(b) **Portion IV - Outgrowers Cane Development Loan Kshs. 19,158,899**

The original loan advanced is Kshs. 15,000,000/= and bears interest at the rate of 11% p.a. Interest was capitalised upto 15th December, 1988. The interest accrued and capitalised upto 15th December, 1988, is Kshs. 4,158,899/=. The loan is payable in 20 half yearly installment commencing 15th June, 1991.

(c) **Portion V - Factory Rehabilitation Loan Kshs. 15,643,797**

The original loan advanced is Kshs. 14,000,000/= and bears interest at the rate of 11% p.a. Interest was capitalised upto 15th December 1988. is Kshs. 1,643,798/=. The loan is payable in 20th half yearly installments commencing 30th June, 1991.

(d) **Portion IV - Outgrowers Cane Development Loan Kshs. 8,300,000**

The original loan advanced is Kshs. 8,300,000 and bears an interest at the rate of 11% p.a. The loan is payable in 10 half yearly installments commencing 30th June, 1991.

e) **Portion VII - Kshs. 18,000,000**

The sum of Kshs. 18,000,000 was received as loan and utilized for cane development. The loan is payable in 20 half yearly installments commencing 1st January, 1992. The interest is at the rate of 11% p.a. and is payable semi-annually commencing 1st January.

f) **Portion VIII - Kshs. 80,000,000**

The original loan advanced Kshs. 80,000,000. The loan which bears an interest rate of 12% p.a. was to meet local cost of Factory Rehabilitation and Expansion. Repayment is on 20 equal semi -annual installments due 1st January, 1994.



**NOTES ON THE ACCOUNTS FOR THE YEAR ENDED**  
**30TH JUNE 1994 (CONTINUED)**

12.3 **OPEC loan Kshs. 17,109,358.40**

Interest is payable at the rate of 6½ p.a. Principal is payable over 20 years beginning from 15th December, 1990 at equal half yearly installments.

13. **REHABILITATION AND EXPLANATION LONG-TERM LOANS**

13.1 **Exim Bank US\$17,059,713 (Machinery Loans)**

The loan was used to buy machinery and equipment for expansion of the Factory. The principal is payable half yearly in 20 equal installments of US\$999,600 beginning 15th October, 1990. Interest at the rate 7.4% is payable computed on daily balance including 1st day of disbursement date but excluding the last day, using 365 days. Commitment fee ½% p.a. is levied on any disbursed balance effective from 15th April, 1988.

13.2 **Exim Bank US\$339,864 (Application Fee Loan) (Phase I)**

This is in respect of loan application fee that was due and payable before the machinery loan was approved. The same was however rescheduled and is payable in 20 equal half yearly installments of US\$ 19,992 each beginning from 15th October, 1990. As in machinery loan interest is levied at 7.4% p.a.

13.3 **Exim bank US\$50,944,374.06 (Machinery Loan - Phase II)**

The loan was used to purchase machinery equipment for Phase II Factory Expansion payable half yearly in 20 equal installments of US\$ 2,837,295.75 commencing 15th January 1994.

Interest is at 8.3% computed on daily balance using 365 days.

13.4 **East African Development Bank**

(a) **EADB - US\$ 2,822,778.12**

The loan was used as 15% downpayment for Phase I Rehabilitation and Expansion. The principal is payable half yearly in 16 installments of SDR 156,250 beginning 1st December, 1990.

Interest at the rate of 12% is payable computed on daily balance using 360 days in a year.

**NOTES ON THE ACCOUNTS FOR THE YEAR ENDED**  
**30TH JUNE 1994 (CONTINUED)**

The following are also levied in respect of the loan:-

- i) Commitment fee at 1% p.a. is payable on any undrawn amount.
- ii) Late payment penalty is payable at ½% per month.

(b) **EADB SEK 4,212,096**

This was supplementary loan used to finance the escalation on the foreign portion of the contract price.

13.5 **National Bank of Kenya**

(a) **Rehabilitation and Expansion - Kshs. 21,413,387 - Phase I**

The original loan advanced is Kshs. 95,000,000/=. The loan was used to meet local expenses on materials, works and other related costs. The loan is payable in 10 half yearly installments commencing 31st December, 1990 at the rate of 9,500,000/=. The half yearly installment was, however, changed by the bank with effect from 31.05.91 to Kshs. 9,155,230/=

13.6 **Industrial Development Bank Kshs. 16,973,880**

The loan was used to finance the escalation on the Kenya shilling portion of the contract price on rehabilitation and expansion of the factory. Interest rate of 14% was payable and the principal was to be repaid in 20 installments commencing January, 1994. This was however rescheduled and the principal is paid monthly upto the year 2000. The current interest rate as at now stands at 25% per annum.

13.7 **Ministry of Finance Kshs. 859,094,593 (Phase I & II)**

This is an amount paid on our behalf by the Government of Kenya.

13.8 **Post Bank Credit Ltd. (Kshs. 178,152,185)**

The amount advanced was used to Finance normal company operations and expansion of the sugar factory. The loan is repayable in 7 years at semi-annual installment of Kshs. 16,430,000 each commencing 1st January.

The loan bears an interest of 20% p.a. calculated on daily basis and penalty interest of 2% per month on overdraft balances.



13.9 **Kenya Sugar Authority (Kshs. 80,000,000)**

The amount advanced was used to finance sugarcane development. The loan bears an interest rate of 15% p.a. and is repayable in lumpsum plus accrued interest as soon as the cane for which the loan was granted is harvested and paid for or upon expiry of thirty (30) months whichever comes first.

14.0 **CONTINGENT LIABILITIES**

As at 30th June, 1994, the company had contingent liabilities amounting to Kshs. 1,496,791 in respect on staff car loan advanced by National Bank of Kenya Limited. There was also an outstanding bank guarantee of Kshs. 5,000,000 in favour of the Commissioner of Customs.

**TRADING, PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE, 1994**

|   | 30.06.94                    | 30.06.93                    |
|---|-----------------------------|-----------------------------|
|   | <u>KSHS.</u>                | <u>KSHS.</u>                |
| <b><u>Sales</u></b>                               |                             |                             |
| Gross Sales                                       | 764,015,759                 | 391,340,109                 |
| Less: KSA Development fund                        | (34,016,144)                | (10,394,853)                |
| Less: VAT   | (34,671,479)                | (641,207)                   |
| Less: Excise Duty                                 | —                           | (38,986,165)                |
| <b>NET SUGAR SALES</b>                            | <u>695,328,136</u>          | <u>341,317,884</u>          |
| Change in Stock                                   | (1,116,599)                 | (515,075)                   |
| Molasses Sales (Net)                              | 14,879,580                  | 7,297,455                   |
| Miscellaneous Income                              | 34,812,112                  | 19,648,695                  |
| <b>TOTAL INCOME</b>                               | <u>743,903,229</u>          | <u>367,748,959</u>          |
| <b>LESS: DIRECT COST OF PRODUCTION</b>            |                             |                             |
| Cane Purchase - Outgrowers                        | 452,835,808                 | 169,663,987                 |
| Nucleus Estate                                    | 7,685,676                   | 15,400,682                  |
| Nucleus Estate Cane Transport                     | 9,103,250                   | 8,888,113                   |
| Nucleus Estate Harvesting Costs                   | 2,064,677                   | 4,885,842                   |
| Nucleus Estate Loading Charges                    | 261,074                     | 250,191                     |
| Factory Direct Costs                              | <u>283,266,844</u>          | <u>196,658,180</u>          |
|   | <u>755,217,329</u>          | <u>395,746,995</u>          |
| <b>GROSS PROFIT /(LOSS)</b>                       | <u>(11,314,100)</u>         | <u>(27,998,036)</u>         |
| <b>LESS: OVERHEADS</b>                            |                             |                             |
| Agriculture Administration                        | 23,051,977                  | 19,789,258                  |
| Agriculture Services Administration               | 50,994,994                  | 35,684,218                  |
| General Administration                            | 93,985,274                  | 71,470,183                  |
| Outgrowers Administration Cane Dev.               | 48,516,181                  | 47,951,337                  |
| Financial & Professional charges                  | 192,003,657                 | 132,643,690                 |
| Deferred Expenditure Amortisation                 | 31,763,898                  | 31,763,898                  |
| Interest on Long-term Loans                       | <u>368,194,580</u>          | <u>189,876,791</u>          |
| <b>SUB-TOTAL</b>                                  | <u>808,510,561</u>          | <u>529,179,375</u>          |
| <b>OPERATING PROFIT / (LOSS)</b>                  | (819,824,661)               | (557,177,411)               |
| <b>PROFIT /(LOSS) ON DISPOSAL OF FIXED ASSETS</b> | 2,180,216                   | (1,277,464)                 |
| <b>NET PROFIT/(LOSS) FOR THE YEAR</b>             | <u><u>(817,644,445)</u></u> | <u><u>(558,454,875)</u></u> |



**FACTORY DIRECT COSTS OF PRODUCTION**

|   | <b>30.06.94</b>           | <b>30.06.93</b>           |
|---|---------------------------|---------------------------|
|   | <b><u>KSHS.</u></b>       | <b><u>KSHS.</u></b>       |
| Salaries and Wages                      | 35,283,942                | 30,718,991                |
| Stationery and Photocopying             | 426,247                   | 194,141                   |
| Books and Periodicals                   | 13,592                    | 11,351                    |
| Chemicals/Fertilizer                    | 12,321,448                | 4,246,773                 |
| Welding Rods                            | 6,565,773                 | 4,144,420                 |
| Sugar Bags                              | 17,960,008                | 6,279,858                 |
| Telephone and Radio                     | 164,203                   | 106,882                   |
| Welding Gas                             | 1,973,101                 | 1,600,137                 |
| Office Supplies                         | 481,098                   | 396,691                   |
| Fuel (Premium and Regular)              | 1,311,403                 | 802,187                   |
| Fuel (Diesel and Furnace Oil, Firewood) | 21,615,021                | 4,753,524                 |
| Spares (Motor)                          | 495,321                   | 189,799                   |
| Uniforms and clothing                   | 644,643                   | 320,453                   |
| Simple Tools                            | 1,320,155                 | 1,099,320                 |
| Tyres and Tubes                         | 290,627                   | 24,198                    |
| Miscellaneous Expenses                  | 115,342                   | 8,254                     |
| Travelling and Accommodations           | 365,348                   | 580,298                   |
| KBS Marking Levy                        | 133,333                   | —                         |
| Water & Electricity                     | 8,842,904                 | 3,330,048                 |
| General Repairs and Maintenance         | 548,261                   | 107,385                   |
| Motor Vehicle Repairs                   | 810,253                   | 1,028,485                 |
| Insurance                               | 7,746,667                 | 6,901,753                 |
| Hired Machinery and Equipment           | 21,390                    | 39,941                    |
| Road Licenses                           | 6,153                     | 8,421                     |
| Use of Company Agriculture Machinery    | 6,036,516                 | 1,690,351                 |
| Bagasse and scum Transport              | 671,095                   | 619,096                   |
| Lubricants                              | 14,382,876                | 9,363,731                 |
| Repairs plant and Machinery             | 78,683,577                | 48,643,918                |
| Depreciation                            | 65,962,200                | 69,856,592                |
|   | 1,034,700                 | 866,958                   |
|   | <u>286,227,197</u>        | <u>197,933,956</u>        |
| Recoveries                              | (2,960,353)               | (1,275,776)               |
| <b>NET EXPENSES</b>                     | <b><u>283,366,844</u></b> | <b><u>196,658,180</u></b> |

**AGRICULTURE ADMINISTRATION**

|                                    | <b>30.06.94</b>          | <b>30.06.93</b>          |
|------------------------------------|--------------------------|--------------------------|
|                                    | <b><u>KSHS.</u></b>      | <b><u>KSHS.</u></b>      |
| Salaries and Wages                 | 13,326,486               | 11,658,029               |
| Stationery and Photocopying        | 647,905                  | 263,489                  |
| Gas                                | 67,001                   | 28,856                   |
| Staff Uniforms                     | 184,150                  | 90,220                   |
| Books and periodicals              | 13,592                   | 11,351                   |
| Fuel (Premium and Regular)         | 1,007,275                | 816,382                  |
| Fuel (Diesel and Furnace Oil)      | 652,118                  | 440,374                  |
| Lubricants                         | 148,260                  | 81,942                   |
| Spare parts                        | 340,469                  | 151,384                  |
| Tyres and Tubes                    | 523,591                  | 107,177                  |
| Fertilizer and Chemicals           | 299,412                  | 40,644                   |
| Office Supplies                    | 115,495                  | 70,502                   |
| Tools                              | 92,283                   | 23,434                   |
| Depreciation                       | 2,572,046                | 629,726                  |
| General Repairs and Maintenance    | 78,472                   | 14,387                   |
| Vehicle Repairs                    | 377,867                  | 316,299                  |
| Telephone, Postage and Radio       | 19,647                   | 9,688                    |
| Use of Company Agriculture Machine | 470,153                  | 1,345,331                |
| Traveling and Hotel Accommodation  | 87,861                   | 86,402                   |
| Miscellaneous Expenses             | —                        | 28,221                   |
| Repairs Plant and Machinery        | —                        | 15,924                   |
| Road Licenses                      | 24,335                   | 19,138                   |
| Road Maintenance                   | 582,810                  | 2,566,536                |
| Insurance Motor Vehicles           | 253,713                  | 75,397                   |
| Entertainment/Staff Recreation     | 77,930                   | 80,848                   |
| Show Expenses                      | 571,874                  | 691,989                  |
| Scum and Mud Transport             | —                        | 125,598                  |
| Drains Maintenance                 | 284,574                  | —                        |
| Hire of Cane Cutters Transport     | 232,658                  | —                        |
| <b>TOTAL</b>                       | <b><u>23,051,977</u></b> | <b><u>19,789,258</u></b> |
| Less: Recoveries                   | —                        | —                        |
| <b>NET EXPENSES</b>                | <b><u>23,051,977</u></b> | <b><u>19,789,258</u></b> |



**AGRICULTURE SERVICES ADMINISTRATION**

|                               | <b>30.06.94</b>          | <b>30.06.93</b>          |
|-------------------------------|--------------------------|--------------------------|
|                               | <b><u>KSHS.</u></b>      | <b><u>KSHS.</u></b>      |
| Salaries and Wages            | 31,483,881               | 22,508,810               |
| Traveling and Accommodation   | 94,423                   | 53,164                   |
| Stationery and Photocopying   | 551,959                  | 197,958                  |
| Gas (Welding and Cooking)     | 451,917                  | 334,339                  |
| Uniforms and Clothings        | 800,249                  | 1,094                    |
| Books and Periodicals         | 14,408                   | 11,601                   |
| Fuel - (Premium and Regular)  | 1,267,994                | 784,846                  |
| Fuel (Diesel and Furnace Oil) | 16,986,238               | 12,553,238               |
| Lubricants                    | 3,565,362                | 1,999,805                |
| Motor Spares                  | 15,029,761               | 3,438,090                |
| Tyres and Tubes               | 4,489,310                | 682,284                  |
| Welding rods / tools          | 769,629                  | 457,759                  |
| Office Supplies               | 73,941                   | 24,184                   |
| Motor Vehicle Insurance       | 2,997,703                | 3,691,428                |
| Depreciation                  | 17,255,913               | 19,171,084               |
| General Repairs & Maintenance | 309,550                  | 38,700                   |
| Tractor and Vehicle Repairs   | 6,854,169                | 6,171,154                |
| Telephone, Postage and Radio  | 187,063                  | 21,732                   |
| Miscellaneous Expenses        | 354                      | 57,582                   |
| Repairs Plant and Machinery   | 352,057                  | 520,994                  |
| Road Licenses                 | 102,664                  | 197,032                  |
| Staff Recreation              | 84,061                   | 23,466                   |
|                               | —                        | —                        |
|                               | <u>103,722,606</u>       | <u>72,940,444</u>        |
| Less: Recoveries              | (52,727,612)             | (37,256,226)             |
| <b>NET EXPENSES</b>           | <u><u>50,994,994</u></u> | <u><u>35,684,218</u></u> |

**GENERAL ADMINISTRATION**

|                                    | <b>30.06.94</b>          | <b>30.06.93</b>          |
|------------------------------------|--------------------------|--------------------------|
|                                    | <b><u>KSHS</u></b>       | <b><u>KSHS</u></b>       |
| Salaries and Wages                 | 40,314,002               | 31,905,129               |
| Travelling and Accommodation       | 1,674,801                | 2,460,971                |
| Stationery and Photocopying        | 4,079,437                | 2,423,302                |
| Cooking Gas                        | 154,207                  | 113,719                  |
| Staff Uniforms                     | 409,426                  | 167,639                  |
| Books and Periodicals              | 174,479                  | 208,880                  |
| Fuel (Premium and Regular)         | 2,299,075                | 1,234,798                |
| Fuel (Diesel and Furnace Oil)      | 999,736                  | 610,417                  |
| Lubricants                         | 116,430                  | 58,449                   |
| Motor Spares                       | 860,749                  | 221,485                  |
| Tyres and Tubes                    | 909,108                  | 380,372                  |
| Office Supplies                    | 688,908                  | 348,980                  |
| Tools                              | 245,409                  | 23,498                   |
| Miscellaneous Expenses             | 104,288                  | 274,464                  |
| General Repairs and Maintenance    | 2,923,197                | 3,101,831                |
| Motor Vehicles Repairs             | 1,722,535                | 858,770                  |
| Security/Police Escort             | 725,344                  | 97,185                   |
| Transport Freight                  | 2,322,424                | 774,869                  |
| Telephone, Postage and Radio       | 2,541,588                | 2,935,405                |
| Medical Expenses                   | 9,038,199                | 5,341,605                |
| Staff Training and Recruitment     | 1,778,095                | 1,965,475                |
| Advertising and Publicity          | 746,841                  | 204,221                  |
| EDP Expenses                       | 429,645                  | 417,363                  |
| Compound Maintenance               | 614,111                  | 628,583                  |
| Road Licenses                      | 60,332                   | 36,308                   |
| Subscriptions and Donations        | 446,512                  | 153,652                  |
| Fines and Other Imposts            | 100,706                  | 218,854                  |
| Immigration Expenses               | —                        | 197,700                  |
| Parking Fee                        | 9,870                    | 7,456                    |
| Rent, Rates and Lease Hire Charges | 1,120,598                | 1,699,726                |
| Nzoia Football club                | 1,592,241                | 337,889                  |
| Guest House Supplies               | 685,712                  | 373,307                  |
| Insurance _ Various                | 7,792,351                | 4,603,488                |
| Packing Expenses                   | 159,335                  | 83,900                   |
| Funeral Expenses                   | 174,621                  | 185,171                  |
| Industrial Training Levy           | —                        | 97,940                   |
| Hired Machinery and Transport      | —                        | 57,215                   |
| Use of Company Machines            | 142,216                  | 57,120                   |
| Railway Siding                     | 33,000                   | —                        |
| Repairs Plant and Machinery        | 5,142                    | 505                      |
| Entertainment/Staff Recreation     | 1,761,474                | 975,293                  |
| Depreciation                       | 6,572,999                | 7,306,969                |
|                                    | <u>96,529,143</u>        | <u>73,149,903</u>        |
| Less: Recoveries                   | (2,543,869)              | (1,679,720)              |
| <b>NET EXPENSES</b>                | <b><u>93,985,274</u></b> | <b><u>71,470,183</u></b> |



**OUTGROWERS ADMINISTRATION / CANE DEVELOPMENT**

|                                       | <b>30.06.94</b>          | <b>30.06.93</b>          |
|---------------------------------------|--------------------------|--------------------------|
|                                       | <b><u>KSHS.</u></b>      | <b><u>KSHS.</u></b>      |
| Salaries and Wages                    | 7,968,980                | 12,106,768               |
| Traveling and Accommodation           | 102,886                  | 86,881                   |
| Stationery and Photocopying           | 409,288                  | 291,941                  |
| Gas                                   | 13,149                   | 11,572                   |
| Staff Uniforms                        | 30,785                   | 2,965                    |
| Fuel - (Premium and Regular)          | 482,267                  | 636,335                  |
| Fuel (Diesel and Oil)                 | 1,969,889                | 714,941                  |
| Lubricants                            | 283,949                  | 243,328                  |
| Spare Parts                           | 1,490,233                | 1,498,135                |
| Tyres and Tubes                       | 421,485                  | 152,193                  |
| Office Supplies                       | 11,999                   | 1,675                    |
| General Repairs and Maintenance       | 2,594                    | 4,492                    |
| Miscellaneous Expenses                | —                        | 7,432                    |
| Telephone, Postage and Radio          | 5,488                    | 5,589                    |
| Road Licenses                         | 4,991                    | 11,378                   |
| Lease Hire Charges / Rent             | 2,700                    | 13,196                   |
| Road Maintenance                      | 1,996,204                | 2,285,737                |
| Tools                                 | —                        | 1,135                    |
| Entertainment /Staff Recreation       | 18,481                   | 7,125                    |
| Use of Company / Agriculture Machines | 73,829,802               | 60,509,570               |
| Insurance                             | 16,883                   | 40,710                   |
| Depreciation                          | 278,100                  | 710,155                  |
| Motor Vehicle Repairs                 | 154,341                  | 262,090                  |
|                                       | <u>89,494,494</u>        | <u>79,605,343</u>        |
| Less: Recoveries                      | (40,978,313)             | (31,654,006)             |
| <b>NET EXPENSES</b>                   | <b><u>48,516,181</u></b> | <b><u>47,951,337</u></b> |

**FINANCIAL AND PROFESSIONAL CHARGES**

|                                  | <b>30.06.94</b>     | <b>30.06.93</b>     |
|----------------------------------|---------------------|---------------------|
|                                  | <b><u>KSHS.</u></b> | <b><u>KSHS.</u></b> |
| <b>Bank Charges</b>              | 1,080,797           | 1,280,026           |
| <b>Interest on Overdraft</b>     | 155,435,499         | 75,755,429          |
|                                  | <hr/>               | <hr/>               |
|                                  | 156,516,296         | 77,035,455          |
| <b>Gain on Exchange</b>          | (1,254,433)         | 4,541,191           |
| <b>Professional Subscription</b> | 15,900              | 111,680             |
| <b>MTA Services</b>              | 25,261,220          | 3,037,837           |
| <b>Directors Fees</b>            | 780,943             | 444,610             |
| <b>Stock Adjustments</b>         | (1,517,620)         | 1,457,533           |
| <b>Audit Fees</b>                | 414,277             | 482,343             |
| <b>Legal Fees</b>                | 11,787,074          | 41,599,973          |
| <b>Consultancy Fee</b>           | —                   | 125,000             |
| <b>Presumptive Income Tax</b>    | —                   | 3,808,068           |
|                                  | <hr/>               | <hr/>               |
|                                  | <b>192,003,657</b>  | <b>132,643,690</b>  |
|                                  | <hr/> <hr/>         | <hr/> <hr/>         |



**CREDITORS AND ACCRUALS SCHEDULE AS AT 30.06.94**

|   | <b>30.06.94</b>             | <b>30.06.93</b>           |
|---|-----------------------------|---------------------------|
|   | <u><b>KSHS.</b></u>         | <u><b>KSHS.</b></u>       |
| 016 Accrued Interest KSA                | 5,187,534                   |                           |
| 023 Accrued Interest Post Bank Credit   | 68,291,872                  | 1,139,284                 |
| 003 Accrued Interest M.O.F              | 237,898,369                 | 87,917,163                |
| 009 Accrued Interest OPEC               | 11,491,785                  | 10,379,677                |
| 011 Accrued Interest IDB                | 1,629,122                   | 3,272,666                 |
| 014 Accrued Interest Exim Bank          | 450,320,916                 | 227,187,794               |
| 019 FCB Creditors                       | 8,718,402                   | 9,972,835                 |
| 015 Accrued Interest EADB               | 40,161,184                  | 74,309,132                |
| 021 Audit Fee provision                 | 1,680,716                   | 1,275,716                 |
| 730 Excise Duty                         | 54,575                      | 125,825                   |
| 024 Ministry of Agr. Interest Provision | 71,671,048                  | 53,217,939                |
| 701 Casual Wages                        | 3,267,881                   | 241,148                   |
| 702 Gross Salaries & Wages              | —                           | 2,060,890                 |
| 703 N.H.I.F                             | 406,990                     | 300,720                   |
| 704 N.S.S.F                             | 24,060,873                  | 21,273,533                |
| 705 P.A.Y.E                             | 568,502                     | —                         |
| 706 V.A.T                               | 16,016,915                  | 641,207                   |
| 707 Trade Creditors                     | 160,276,915                 | 101,569,075               |
| 711 Net Due to Farmers                  | 192,172,650                 | 49,459,683                |
| 713 Union Dues                          | 113,234                     | 74,860                    |
| 714 Co-operative Society                | 6,279,167                   | 6,374,262                 |
| 715 Football Club                       | 2,769                       | —                         |
| 716 Unclaimed Wages                     | 176,999                     | 325,324                   |
| 717 School Funds                        | 121,498                     | 162,497                   |
| 719 Harambee                            | 2,496,162                   | 1,011,527                 |
| 778 NOCO Reserves                       | 62,618,701                  | 3,398,686                 |
| 724 Staff Pension                       | 523,600                     | 475,712                   |
| 725 Court Attachment                    | 36,914                      | 29,781                    |
| 726 Third Party Recoveries              | 19,264                      | 47,789                    |
| 728 Pension Refund                      | 336,347                     | 553,371                   |
| 734 Bicycle Loan                        | 950,541                     | 986,780                   |
| 737 Provision for uninvoiced Goods      | 7,993,799                   | 4,203,678                 |
| 796 KSA Funds                           | 20,824,731                  | 10,113,611                |
| 748 Life Assurance                      | 260,094                     | 86,611                    |
| 749 S.A.Y.E                             | 3,600                       | 3,480                     |
| 782 NOCO Creditors Account              | —                           | 11,840                    |
| 759 Accrued for N/E Land Rent           | 8,000,000                   | 6,400,000                 |
| 720 Sugar Debtors                       | —                           | 4,686,941                 |
| 784 Permit Fee (KSA)                    | —                           | 24,794                    |
| 761 Management Clearance A/C            | —                           | 20,000                    |
| 786 Motor Vehicle Deposit               | 4,000                       | 4,000                     |
| 764 Nzoia Nursery School                | 30,920                      | 45,160                    |
| 766 Nzoia Canteen                       | 39,663                      | 30,963                    |
| 788 Build your House Scheme             | 322,508                     | 446,593                   |
| 795 County Council Levy & Cess          | 8,922,215                   | 3,551,312                 |
| 793 Presumptive Income Tax              | 34,002,677                  | 25,315,200                |
| 727 Employee's Benevolent Fund          | 39,320                      | —                         |
|   | <u><b>1,447,994,972</b></u> | <u><b>712,828,118</b></u> |

**DEBTORS AND PREPAYMENT SCHEDULE AS AT 30.06.94**

|                                     | <u>30.06.94</u><br><u>KSHS</u> | <u>30.06.93</u><br><u>KSHS</u> |
|-------------------------------------|--------------------------------|--------------------------------|
| 008 Road Grant                      | 6,124,060                      | 6,124,060                      |
| 094 Deposit                         | 1,889,459                      | 2,199,459                      |
| 708 Outgrowers Debtors              | 13,805,761                     | 14,529,013                     |
| 709 Staff Debtors - Live            | 861,475                        | 433,190                        |
| 760 Staff Debtors Left              | 1,928,209                      | 1,591,408                      |
| 720 Sugar Debtors                   | 3,463,150                      | —                              |
| 721 Molasses Debtors                | 1,372,525                      | 1,780,060                      |
| 722 Other Debtors                   | 6,822,130                      | 6,670,388                      |
| 736 Railways Deposit                | 3,127                          | 272,700                        |
| 738 Interest on OG Debtors          | 3,055,860                      | 3,610,866                      |
| 743 Prepaid Insurance               | 1,894,297                      | 847,241                        |
| 744 Prepaid Road Licenses           | 69,792                         | 95,200                         |
| 747 Nzoia Outgrowers Co, Ltd.       | 68,026,549                     | 29,033,952                     |
| 755 Car Loan - Nairobi              | 1,291,580                      | 1,636,904                      |
| 756 Staff Car Insurance Control A/C | 66,555                         | 60,921                         |
| 760 Safari Imprest                  | 291,008                        | 87,205                         |
| 765 Deposit for Purchase - Live     | 1,802,699                      | 1,033,661                      |
| 768 Deposit for Purchase - Ex-staff | 375,376                        | 375,376                        |
| 762 Contractors - Unrecovered Costs | 296,311                        | 180,663                        |
| 763 Arkel International Inc.        | 1,062,123                      | 827,876                        |
| 770 NOCO - KSA Loans                | 33,720,000                     | —                              |
| 771 NOCO - Interest Debtors         | 2,331,247                      | —                              |
| 780 Outgrowers Debtors Account      | 69,241                         | 5,222,376                      |
| 781 NOCO - Unrecovered Costs        | 29,502,349                     | 16,556,619                     |
|                                     | <u>180,124,883</u>             | <u>93,169,138</u>              |
| 750 Less: Provision for Bad Debts   | (8,356,171)                    | (8,356,171)                    |
|                                     | <u><u>171,768,712</u></u>      | <u><u>84,812,967</u></u>       |



**nzoia sugar company limited**

