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Nzoia sugar company ltd.

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DIRECTORS REPORT
AND
ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1993

**NZOIA
SUGAR COMPANY
LIMITED**

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BANKERS

**National Bank of Kenya
Kenya Commercial Bank**

REGISTERED OFFICE

**Nzoia Sugar Company Limited,
P. O. Box 285
BUNGOMA**

NZOIA SUGAR COMPANY LIMITED

SHARE HOLDERS

Government of Kenya	501,000,000 - 97.8 %
Fives Cail Babcock	6,000,000 - 1.2 %
Industrial Development Bank	5,000,000 - 1 %

DIRECTORS AS AT 30TH JUNE 1993

Mr. Paul Nakitare	-	Chairman - Nzoia Sugar Co. Ltd.
Dr. W. Koinange	-	Ministry of Finance.
Eng. P. Wambura	-	Ministry of Agriculture Livestock Development & Marketing.
Mr. J. A Mudavadi	-	Kenya Sugar Authority.
Dr. Y. Nzibo	-	Industrial Development Bank
Mr. J. K. Owiti	-	East African Development Bank
Mr. Amos Wako	-	Attorney General's Chamber
Mr. M. Dumis	-	Fives Cail Babcock
Mr. F. T. Wabuke	-	Managing Director - NSC

AUDITORS

Auditor General (Corporations)

BANKERS

National Bank of Kenya
Kenya Commercial Bank

REGISTERED OFFICE

Nzoia Sugar Company Limited,
P. O. Box 285
BUNGOMA

SENIOR MANAGEMENT

Managing director	—	Mr. F. T. Wabuke
Agriculture Manager	—	Dr. N.C.O. Keya
Ag. Personnel & Training Manager	—	Mr. J. B. Etyang
Ag. Financial Controller	—	Mr. F.W.O. Makete
Agriculture Services Manager	—	Mr. G.W Kololi
Company Secretary/Legal Officer	—	Mr. J. S. Masinde
Factory Manager	—	Mr. J. Ellison

By order of the Board.

J. S. MASINDE

COMPANY SECRETARY / LEGAL OFFICER

NZOIA SUGAR COMPANY LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting their report and accounts for the year ended 30th June 1993.

1. PRINCIPAL ACTIVITIES

The Principal activities of the Company continued to be cane growing and manufacture and sale of sugar as well as molasses. Phase II expansion work designed to increase the factor capacity from 3000 tons cane per day (TCD) to 7000 TCD continued through this period.

The expanded factory capacity is expected to substantially improve the Company's trading results in the future years.

2. RESULTS

The accounts of the Company are detailed in the annexures on page 5 to 32. The Company realized a gross loss of Kshs. 27,998,036. The increase in gross loss in comparison to previous year is attributed to increased costs of main inputs following devaluation of local currency in the later part of the year and the under utilization of the plant.

The years overhead expenses totaled kshs. 529,179,375 resulting in an operating loss of kshs. 558,454, 875 at the close of the period.

Interest expenses were mainly on Rehabilitation and expansion loans for Phase I which is now fully operational.

3. PRODUCTION.

Factory production dropped by 9773 tones of sugar below the previous years level and dropped by 40,556 tonnes sugar below the factory's rated capacity due to mainly unavailability of factory's main input (cane).

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF NZOIA SUGAR COMPANY FOR THE YEAR ENDED 30 JUNE 1993

I have examined the accounts of Nzoia Sugar Company limited for the year ended 30 June 1993 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 accounts 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 here below, in my opinion, the accounts when read together with the notes thereon, present a true and fair view of the state of affairs of the Company as at 30 June 1993 and of its results and the statement of sources and application of funds for the year then ended.

1. Financial Position.

The Company's financial position continued to deteriorate in that it made a loss of Kshs. 1,110,747,129.00 during the year under review which brought the cumulative losses to Kshs.2,172,712,848.00 as at 30 June 1993. In addition the Company's balance sheet reflected a negative working capital of Kshs. 1,462,061,965.00 as at that date. As previously reported, the Company was technically insolvent and was unable to meet its financial obligations as and when they fell due. In particular, the Company was unable to pay cane farmers their dues totalling Kshs. 53,663,361.00, settle trade creditors amounting to Kshs. 101,569,075.00 and to remit NSSF deductions and presumptive tax totalling Kshs. 21,273,533.00 and Kshs.25,315,200.00 respectively. The Company was also unable to service its loan liabilities as they fell due resulting in arrears of Kshs. 458,013,383 as at 30 June 1993. In addition, the Company continued to depend heavily on overdraft facilities which stood at Kshs. 337,448,883.00 against the approved overdraft limit of Kshs. 161,500,000.00. 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 shareholders and creditors.

2. Phase II Expansion Work in Progress.

In my report for the year ended 30 June 1992, I expressed concern over the manner in which the Phase II expansion contract was awarded without inviting open tenders and over other issues relating to the contract which the management could

**NZOIA
SUGAR COMPANY
LIMITED**

not explain to my satisfaction. The management has since explained that the decision to award the contract without inviting open tenders was made by the Government. I am further informed that as a result on non payment and disagreements the contractor abandoned the site in July 1993 and that the Company and the contractor went to court for arbitration. The latest information however indicates that the two parties have agreed to settle the matter out of court and that a settlement agreement was signed on 3rd April 1995. The outcome of the settlement has not been quantified in these accounts.

3. Legal Charges

During the year, the Company had budgeted to spend Kshs. 860,000 on legal charges. However, records show that the Company spent a total of Kshs. 41,599,973 on legal fees. The fees were paid to private law firms to represent the Company in court cases filed by creditors and to advocates hired to draw debenture agreements with lending banks. It was further noted that the Company paid legal firms drawing debenture agreements, fees which were higher than the amount stipulated in the advocate's scales of charges. The management has indicated that the amounts paid to legal firms drawing debenture agreements were debited in their bank accounts by the lending banks but it appears the management has not followed up the issue of refund.

W. K. KEMEI
AUDITOR - GENERAL (CORPORATIONS)

20 November 1995

**NZOIA
SUGAR COMPANY
LIMITED**

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
Tonnes of Cane supplied	349,227	467,688
Tonnes of Sugar made	25,974	35,747

4. SUMMARY OF OPERATIONS

The operations of the Company since incorporation may be summarized as follows:-

	JUNE 1993	JUNE 1992
	<u>KSHS.</u>	<u>KSHS.</u>
<u>ASSETS CREATED</u>		
Net Fixed Assets	856,342,915	940,063,758
Expansion work in progress	1,650,357,077	848,324,684
Net Pre-production Expenses	1,236,514,658	366,427,246
Current Assets	248,227,243	303,322,165
	<hr/>	<hr/>
	3,991,441,893	2,458,137,853
	<hr/> <hr/>	<hr/> <hr/>

FINANCED BY:

Share Capital	512,000,000	512,000,000
Deposit for Shares	20,000,000	20,000,000
Long-term Loans	3,611,137,339	1,616,251,432
Short Term Creditors	1,710,289,208	1,061,719,939
Reserves	(1,861,984,654)	(751,833,518)
	<hr/>	<hr/>
	3,991,441,893	2,458,137,853
	<hr/> <hr/>	<hr/> <hr/>

NZOIA SUGAR COMPANY LIMITED

5. SHARE HOLDERS

Government of Kenya	501,000,000	-	97.8%
Fives Cail Babcock	6,000,000	-	1.2%
Industrial Development Bank	5,000,000	-	1%

DIRECTORS AS AT 30TH JUNE 1993

Mr. Paul Nakitare	-	Chairman - Nzoia Sugar Co. Ltd.
Dr. W. Koinange	-	Ministry of Finance.
Eng. P. Wambura	-	Ministry of Agriculture Livestock Development & Marketing.
Mr. J. A Mudavadi	-	Kenya Sugar Authority.
Dr. Y. Nzibo	-	Industrial Development Bank
Mr. J. K. Owiti	-	East African Development Bank
Mr. Amos Wako	-	Attorney General's Chamber
Mr. M. Dumis	-	Fives Cail Babcock
Mr. F. T. Wabuke	-	Managing Director - NSC

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Managing director	-	Mr. F. T. Wabuke
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Agriculture Services Manager	-	Mr. G.w. Kololi
Company Secretary/Legal Officer	-	Mr. J. S. Masinde
Factory Manager	-	Mr. J. Ellison

By order of the Board.

J. S. MASINDE

COMPANY SECRETARY / LEGAL OFFICER

**NZOIA
SUGAR COMPANY
LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
30TH JUNE 1993.**

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
Turnover	398,637,564	451,086,578
Loss for the year	558,454,875	369,215,663
Loss/(Gain) on Exchange	552,292,254	74,757,997
Prior Year Adjustment	(595,993)	—
	<u>1,110,151,136</u>	<u>443,973,660</u>
Deficit Brought Forward	1,062,561,712	618,588,052
Operation Deficit Carried Forward	<u>2,172,712,848</u>	<u>1,062,561,712</u>

**NZOIA
SUGAR COMPANY
LIMITED**

BALANCE SHEET AS AT 30TH JUNE 1993.

	NOTES	30.06.1993 <u>KSHS.</u>	30.06.1992 <u>KSHS.</u>
<u>ASSETS EMPLOYED</u>			
Fixed Assets (net)	2	856,342,915	940,063,758
Deferred Expenditure	3	1,236,514,658	366,427,246
Phase II Expansion Work in Progress		1,650,357,077	848,324,688
		<u>3,743,214,650</u>	<u>2,154,815,688</u>
<u>CURRENT ASSETS</u>			
Growing Cane Valuation	4	32,636,043	28,773,417
Stocks and stores	5	129,902,887	125,472,092
Debtors and Prepayments	6	84,812,967	133,552,876
Deposit Cash on Hand & at Bank		875,346	15,523,780
		<u>248,227,243</u>	<u>303,322,165</u>
<u>CURRENT LIABILITIES</u>			
Creditors and Accruals	7	712,828,118	440,573,104
Bank Overdrafts	9	337,448,883	255,994,199
Current Maturity of Long-term Loans	12	660,012,207	265,152,636
		<u>1,710,289,208</u>	<u>1,061,719,939</u>
<u>NET CURRENT ASSET/(LIABILITIES)</u>		<u>(1,462,061,965)</u>	<u>(758,397,774)</u>
		<u>2,281,152,685</u>	<u>1,396,417,914</u>
<u>FINANCED BY SHARE CAPITAL</u>			
Ordinary share of Kshs. 20/- each fully paid	10	512,000,000	512,000,000
Deposit for shares		20,000,000	20,000,000
		<u>532,000,000</u>	<u>532,000,000</u>
Profit/(Loss) Account		(2,172,712,848)	(1,062,561,712)
Revaluation Reserve Account		310,728,194	310,728,194
		<u>(1,329,984,654)</u>	<u>219,833,518</u>
Long-term Loans	12	3,611,137,339	1,616,251,432
		<u>2,281,152,685</u>	<u>1,395,417,914</u>

..... Managing Director

..... Director.

**NZOIA
SUGAR COMPANY
LIMITED**

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED

	<u>30.06.1993.</u>	<u>30.06.1992</u>
	<u>KSHS.</u>	<u>KSHS.</u>
<u>SOURCE OF FUNDS</u>		
<u>FUNDS GENERATED FROM OPERATIONS</u>		
Profit / (Loss) From operations	(558,454,875)	(369,215,663)
Loss on Exchange	(552,292,254)	(74,757,997)
Prior Year Adjustment	595,993	—
<u>ADD BACK ITEMS NOT REQUIRING MOVEMENT OF FUNDS</u>		
Depreciation	96,846,215	111,328,875
Deferred Expenditure Amortization	31,763,898	33,793,898.
Loss / (Gain) in Disposals of Fixed Assets	1,277,464,	(910,653)
TOTAL FROM OPERATIONS	(980,263,559)	(299,761,600)
<u>FROM OTHER SOURCES</u>		
Loan Capital	2,340,908,263	996,345,402
Proceeds on Disposal of Fixed Assets	707,221	1,099,921
	<u>2,341,615,484</u>	<u>997,683,723</u>
TOTAL SOURCES OF FUNDS	1,361,351,925	697,683,723
<u>APPLICATION</u>		
Loan repayments	51,144,356	63,178,852
Acquisition of Fixed Assets	15,120,517	25,681,259
Rehabilitation & Expansion Work in Progress	802,032,394	780,824,684
Additions to deferred Expenditure	901,859,278	70,730,642
TOTAL APPLICATION	1,770,156,545	940,415,437
INCREASE / (DECREASE IN WORKING CAPITAL)	(408,804,620)	242,731,714
<u>CHANGE IN WORKING CAPITAL ITEMS</u>		
Growing Cane Increase / (Decrease)	3,862,626	803,689
Stores and Stocks Increase/(Decrease)	4,430,795	16,883,494
Debtors and pre-payments Increase / (Decrease)	(48,739,909)	32,400,866
Creditors & Accruals Increase / (Decrease)	(272,255,014)	(165,252,098)
MOVEMENT IN NET LIQUID FUNDS	(312,701,502)	(115,164,149)
Cash and Deposit	(14,648,434)	(748,206)
Overdraft	(81,454,684)	(126,819,359)
NET INCREASE / (DECREASE) IN WORKING CAPITAL	(408,804,620)	(242,731,714)

**NZOIA
SUGAR COMPANY
LIMITED**

NZOIA SUGAR COMPANY LIMITED

FIXED ASSETS SCHEDULE AS AT 30.06.1993

	LAND DEVELOPMENT	FACTORY BUILDING	RESIDENTIAL & OFF. BUILD.	FACTORY PLANT & MACHINERY	TRACTOR & HEAVY VEHICLES	LIGHT CARS & MOTOR CYCLES	TRAILERS	FURNITURE EQUIPMENT	F/W/S TOOLS & IMPLEMENTS	WATER & ELECTRICITY INSTAL	FENCING	WIP	TOTALS
<u>COST</u>													
BALANCE as at 1.7.1992	55,000,000	93,600,000	96,942,381	747,583,326	92,259,501	14,054,984	26,432,255	12,654,628	24,169,628	9,681,550	441,356	31,160,701	1,203,979,719
<u>Additions:</u>													
During the year	-	-	8,138	7,400,000	-	1,694,259	58,264	1,340,665	-	-	-	4,619,191	15,120,517
Disposal & write offs	-	-	(1,906,500)	(280,000)	(796,323)	(586,329)	-	(64,820)	(55,854)	-	-	-	(3,689,827)
Transfers	-	-	-	3,764,438	-	-	-	-	-	-	-	(3,764,438)	-
TOTAL AS AT 30.06. 1993	55,000,000	93,600,000	95,044,018	758,467,764	91,463,173	15,162,914	26,490,519	13,930,473	24,113,183	9,681,550	441,356	32,015,454	1,215,410,409
<u>DEPRECIATION</u>													
Balance as at 1.7.92	7,844,375	25,365,600	12,774,082	124,447,685	56,851,489	8,325,164	9,152,631	7,519,643	10,288,513	1,200,732	146,046	-	263,915,961
Charges for the Year	2,357,781	6,823,440	4,208,415	63,402,008	12,329,805	1,644,238	2,600,864	961,588	2,073,701	424,041	44,297	-	96,846,215
Disposal & write offs	-	-	(271,914)	(75,880)	(771,447)	(521,775)	-	(5,800)	(47,864)	-	-	-	(1,694,680)
TOTAL DEPRECIATION AS AT 30.06.1993	10,202,156	32,189,040	16,710,583	187,773,813	68,409,847	9,447,627	11,753,314	8,475,431	12,314,350	1,624,773	251,013	-	359,067,496
<u>WRITTEN DOWN VALUE</u>													
AS AT 30.06.1993	44,797,844	61,410,960	78,406,333	570,693,951	22,999,039	5,519,645	14,737,205	5,455,042	11,798,833	8,056,777	243,093	32,015,454	856,342,915
AS AT 30.06.1992	47,155,625	68,234,400	84,168,299	623,135,641	35,408,012	5,729,820	17,279,624	5,134,985	13,880,524	8,480,818	295,309	31,160,701	940,063,258

**NZOIA
SUGAR COMPANY
LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
30TH JUNE 1993**

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 realizable value while stores are valued at weighted 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 foreign 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 Buildings	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.	5 % per annum
Fencing	15 % per annum

(e) Turnover

Turnover represents gross of sugar and molasses sales before deduction of excise duty, VAT and Kenya Sugar Authority development fund.

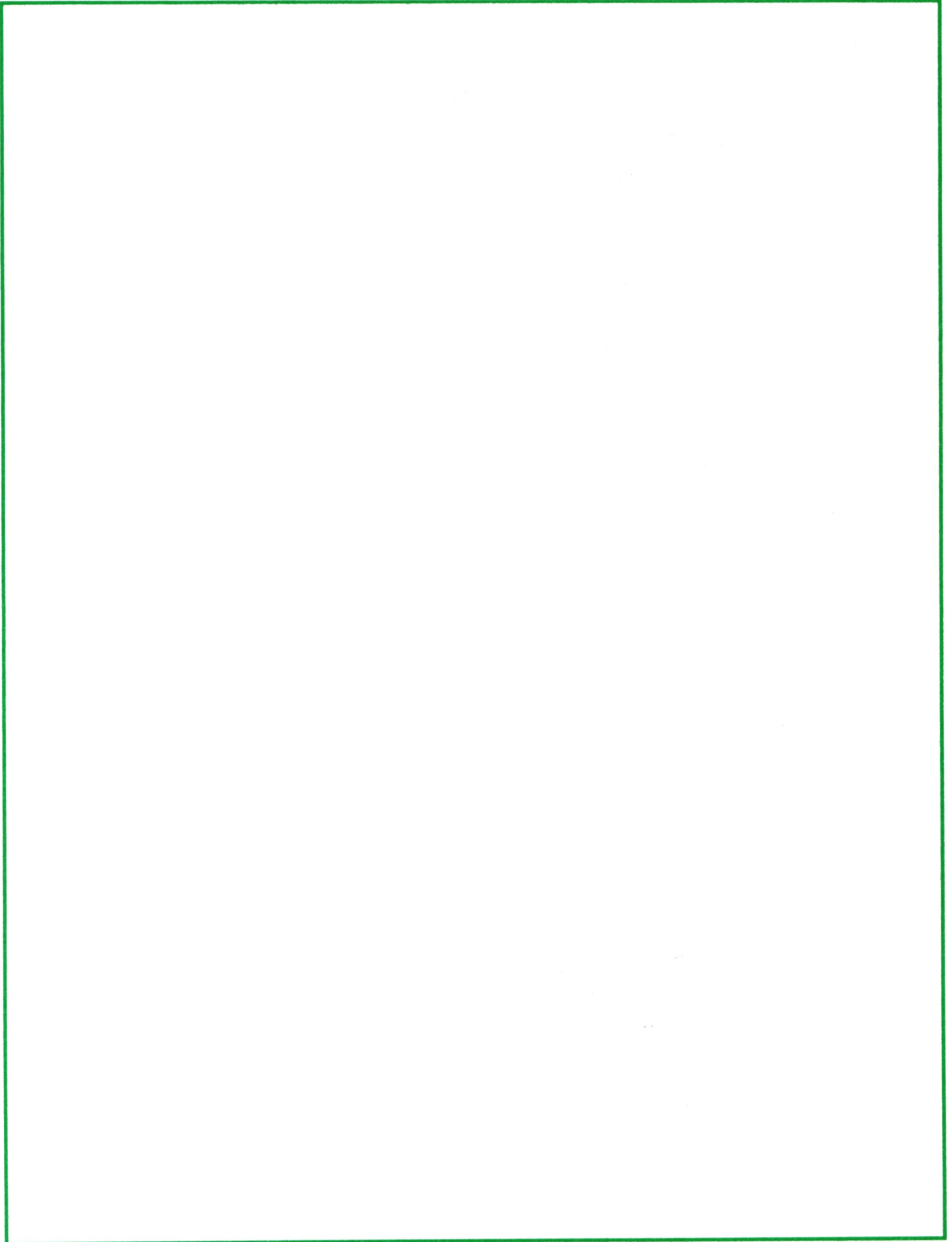
(f) Deferred Expenditure

This represents the Phase 1 and 2 pre-expansion expenses. Expenditure on Phase 1 is being amortized at the rate of Kshs. 31,633,898 per annum over a 10 year period commencing March 1991 while Phase 2 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**



**NZOIA
SUGAR COMPANY
LIMITED**

5.2 CHANGE IN STOCK

	30.06.92	30.06.93	DIFFERENCES
	<u>KSHS.</u>	<u>KSHS.</u>	<u>KSHS.</u>
Sugar Stock	2,314,767	551,142	(1,763,625)
Molasses Stock	156,759	—	(156,759)
Work in Progress	6,954,128	8,359,437	1,405,309
	<u>9,425,654</u>	<u>8,910,579</u>	<u>(515,075)</u>

6. DEBTORS & PREPAYMENTS (PAGE 32)

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
This is made up as follows:-		
Due from Outgrowers	68,952,826	111,271,596
Due from Government for Roads	6,124,060	6,124,060
Due from Staff for NBK Car Loan Scheme	1,697,825	2,061,288
Due from Molasses Dealers	1,780,060	2,655,119
Due from Staff	3,520,840	6,100,206
General Debtors	10,151,915	3,888,596
Prepayments	942,441	4,368,382
Sugar Debtors	—	5,439,300
	<u>93,169,967</u>	<u>141,909,247</u>
Less: Provision for bad Debts	(8,356,171)	(8,356,171)
	<u>84,812,967</u>	<u>133,552,876</u>

7. CREDITORS AND ACCRUALS (PAGE 31)

Trade Creditors and farmers	155,232,436	255,031,886
Accrued Interest on Loans	404,795,444	95,746,858
Excise duty / VAT	767,032	78,000
Ministry of Agriculture	53,217,939	32,331,970
Accrued (3rd Party recoveries)	34,113,026	25,675,090
Audit fee Provision	1,275,716	876,041
FCB Creditors	9,972,835	5,500,497
Accrued for N/E Land Rent	6,400,000	4,800,000
General Creditors	22,794,744	2,418,838
Presumptive Income Tax	25,315,201	16,113,924
	<u>713,884,373</u>	<u>440,573,104</u>

**NZOIA
SUGAR COMPANY
LIMITED**

BANK LOANS AND OVERDRAFT 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 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 & II Expansion and Rehabilitation.
- (c) A guarantee by the Kenya Government for US\$ 76,737,915 (US Dollar seventy six million seven thirty seven thousand nine hundred fifteen) term loan from Export Import Bank (USA) for Expansion and Rehabilitation.
- (d) A guarantee by Government of Kenya for SDR 3,077,504 (special drawing rights) (SDR) Three million seven thirty seven thousand five hundred and three only) term loan from East African Development Bank for Expansion and Rehabilitation.
- (e) A guarantee by Government of Kenya Kshs. 17,898,480 (kshs. seventeen million eight hundred ninety eight thousand four hundred eighty only) term loans 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 loans 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 manufacturer of excisable goods.

**NZOIA
SUGAR COMPANY
LIMITED**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1993 (CONTINUED)

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
10. SHARE CAPITAL		
10.1 Authorized		
30,000,000 ordinary shares		
20/= each	600,000,000	600,000,000
10.2 Issued and fully paid		
25,600,000 Ordinary shares	512,000,000	512,000,000
10.3 Deposit for shares		
Deposit for shares is made up		
of cash subscriptions for		
equity by Treasury	20,000,000	20,000,000
 11. SHARE HOLDING		
	30.06.1993	30.06.1992
	BALANCE AS AT	BALANCE AS AT
	<u>KSHS.</u>	<u>KSHS.</u>
Five Call Babcock	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/>	<hr/>
	512,000,000	512,000,000
	<hr/> <hr/>	<hr/> <hr/>

**NZOIA
SUGAR COMPANY
LIMITED**

LONG-TERM LOANS FOR THE YEAR ENDED 30TH JUNE 1993

12. **SUMMARY**

<u>Description</u>	<u>30.06.1993</u> <u>KSHS.</u>	<u>30.06.1992</u> <u>KSHS.</u>
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	40,000,000	-
Portion ix	40,000,000	-
	<hr/>	<hr/>
Ministry of Finance	160,482,657	80,482,657
OPEC	432,713,203	250,891,953
Post Bank Credit Limited	17,109,358	17,109,358
	178,152,185	-
	<hr/>	<hr/>
SUB TOTAL	788,457,403	348,483,968
	<hr/> <hr/>	<hr/> <hr/>
<u>Rehabilitation and Expansion Loans</u>		
National Bank of Kenya - Rehab.	39,723,848	58,034,309
National Bank of Kenya - Expansion	-	220,000,000
EDB Initial Loan	182,255,397	90,389,965
EADB Supplementary Loan	35,144,044	24,547,674
EXIM Bank- Machinery Loan Phase II	2,148,659,438	664,876,949
EXIM Bank - Machinery Loan Phase I	1,036,702,278	546,289,530
Application Fee loan	21,944,033	10,883,193
Industrial Development Bank	18,263,105	17,898,480
	<hr/>	<hr/>
GRAND TOTAL	4,271,149,546	1,981,404,068
LESS: Current Maturity of Long-term Loans	(660,012,207)	(365,152,636)
	<hr/>	<hr/>
	3,611,137,339	1,616,251,432
	<hr/> <hr/>	<hr/> <hr/>

12.2 **CURRENT MATURITY**

<u>(a) OVER DUE</u>	<u>30.06.1993</u> <u>KSHS.</u>	<u>30.06.1992</u> <u>KSHS.</u>
Ministry of Agriculture	13,455,395	5,477,129
OPEC	8,813,487	7,776,981
Ministry of Finance	210,391,953	-
East African Development Bank	30,429,487	9,524,885
Exim Bank	1,290,825	20,671,871
	<hr/>	<hr/>
	264,381,572	43,450,866
	<hr/> <hr/>	<hr/> <hr/>

**NZOIA
SUGAR COMPANY
LIMITED**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1993 (CONTINUED)

(b) PAYABLE WITHIN ONE YEAR OF THE
BALANCE SHEET DATE

Ministry of Finance	222,321,250	227,787,185
Ministry of Agriculture	8,878,266	7,978,366
OPEC	1,036,931	1,036,931
Exim Bank - Machinery	129,587,788	64,269,358
EXim Bank - April. Fee	2,581,651	1,280,376
National Bank of Kenya	—	9,844,769
EADB	30,429,487	9,524,885
Industrial Development Bank	795,262	—
	<u>395,630,635</u>	<u>321,701,770</u>
GRAND TOTAL	<u>660,012,207</u>	<u>365,152,636</u>

(c) SUMMARY OF CURRENT MATURITIES

Expansion Loans	627,827,703	343,883,329
Other Loans	32,184,504	22,269,307
TOTAL CURRENT MATURITIES	<u>660,012,207</u>	<u>365,152,636</u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
30TH JUNE 1993 (CONTINUED)**

12.3 MINISTRY OF AGRICULTURE - KENYA GOVERNMENT

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

The original loan was Kshs. 16,100,740/=. It bears an interest rate of 11% Pa. which has been capitalized to 30th June 1987. Interest accrued and capitalized upto 30th June 1987 is Kshs. 3,279,221. The Loan is payable in 20 half yearly instalments 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 an interest at the rate of 11% p.a. Interest has been capitalized upto 15th December 1988. Interest accrued and capitalized upto 15th December 1988 is kshs. 4,158,899/=. The loan is payable in 20 half yearly instalment commencing 15th June 1991.

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

The original advanced is kshs. 14,000,000/= and bears an interest at the rate of 11% p.a. Interest has been capitalized upto 15th December 1988. Interest accrued and capitalized upto 5th December 1988 in kshs. 1,643,798/= The loan is payable in 20 half yearly instalments commencing 30th June 1991.

- (d) Portion vi - Outgrowers Cane Development Loan
Kshs. 8,300,000/=

The original loan advanced is kshs. 8,300,00 and bears an interest at the rate of 11% p.a. The Loan is payable in 10 half yearly instalments commencing 30.06.1991.

- (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 instalments commencing 1st January, 1992.

- (f) Portion viii - Kshs. 40,000,000/=

The original Loan advanced is kshs. 40,000,000. The Loan which bears an interest rate of 12% p.a. was to meet local cost of Factory Rehabilitation and Expansion. Repayment is in 20 equal semi-annual instalments due 1st January 1994.

- (g) Portion (ix) - Kshs. 40,000,000/=

A sum of kshs. 40,000,000 was received as loan from Government. The Loan was utilized to pay off farmers for sugar cane supplied to the factory and is awaiting terms of repayment.

12.3 OPEC LOAN KSHS. 17,109,358.40

Interest is payable at the rate of 6 $\frac{1}{2}$ % p.a. Principal is payable over 20 years beginning from 15th December 1980 at equal half yearly instalments.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
30TH JUNE 1993 (CONTINUED)**

13. REHABILITATION AND EXPANSION 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 instalments of US\$ 999,600 beginning 15th October 1990.

Interest at the rate of 7.4% is payable computed on daily balances including 1st day of disbursement date but excluding the last day, using 365 days. Commitment fee of 1/2% p.a. is levied on any disbursed balance, effective from 15th April, 1988.

13.2 Exim bank US\$ 339,864 (Application Fee Loan) (Phase 1)

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 instalments 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\$ 20,763,000 (machinery Loan - Phase II)

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

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

13.4 East Africa Development Bank

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

The loan was used as 15% down payment for phase I Rehabilitation and Expansion. The principal is payable half yearly in 16 equal instalments of SDR 156,250 beginning 1st December, 1990.

Interest at the rate of 12 $\frac{1}{2}$ % p.a is payable computed on daily balance using 360 days in a year.

The following charges 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 $\frac{1}{2}$ % per month.

(b) EADB SW KR 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. 39,723,848 - Phase I

The loan was used to meet local expenses on materials, works and other related costs. Terms of payment are still being awaited.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
30TH JUNE 1993 (CONTINUED)**

13.6 Industrial Development Bank Kshs. 17,898,480

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% is payable and principal is repaid in 20 semi-annual instalments commencing January, 1994.

13.7 Ministry of Finance kshs. 432,713,203)Phase I & II

This is an amount paid on our behalf by Government of Kenya awaiting terms of repayment.

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

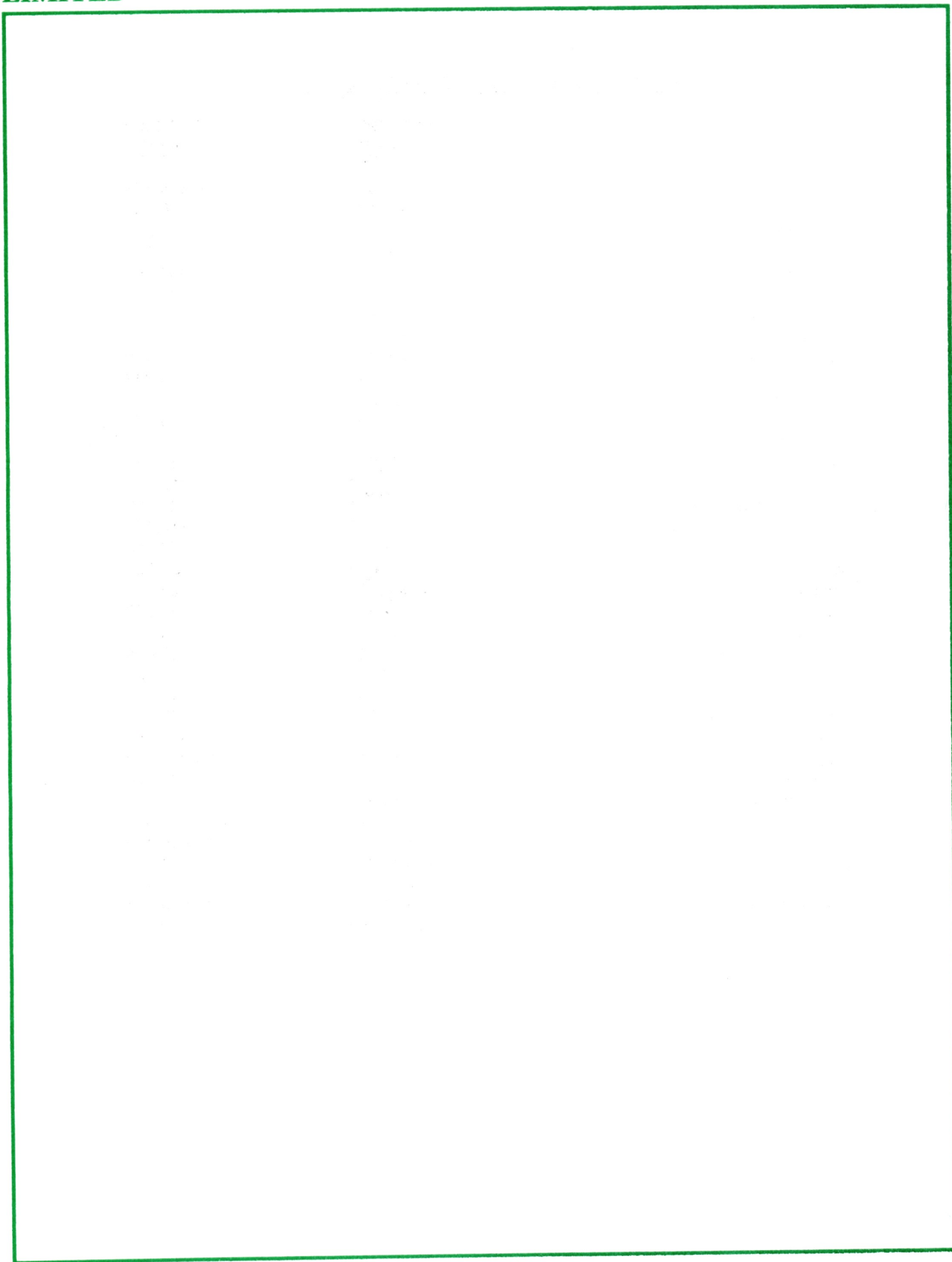
The amount advanced was used to finance normal company operations and expansion of the sugar factory. The loan is repayable in 7 years at semi-annual instalment of kshs. 16,430,000 each commencing 1st January 1995.

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

14. CONTINGENT LIABILITIES.

As at 30th June 1993 the Company had contingent liabilities amounting to kshs. 1,745,951,60 in respect of staff car loan advance 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.

**NZOIA
SUGAR COMPANY
LIMITED**



**NZOIA
SUGAR COMPANY
LIMITED**

FACTORY DIRECT COSTS OF PRODUCTION

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
Salaries and Wages	30,718,991	28,685,871
Stationery and Photocopying	194,141	428,737
Books and periodicals	11,351	8,831
Chemicals /Fertilizer	4,246,773	5,723,997
Welding Rods	4,144,420	2,682,564
Sugar bags	6,279,858	8,177,122
Telephone and Radio	106,882	1,021
Welding Gas	1,600,137	1,324,841
Office Supplies	396,691	291,192
Fuel (Premium and Regular)	802,187	570,647
Fuel (Diesel & Furnace oil)	4,753,524	9,959,819
Spares	189,799	2,773,881
Uniforms and Clothing	320,453	679,421
Simple Tools	1,099,320	851,571
Tyres and Tubes	24,198	219,511
Miscellaneous Expenses	8,254	22,230
Travelling and Accommodation	580,298	112,149
KBS Marking Levy	-	379,166
Water and Electricity	3,330,048	3,165,662
General Repairs and Maintenance	107,385	60,626
Motor Vehicle repairs	1,028,485	856,797
Insurance	6,901,753	6,604,896
Hired Machinery and Equipment	39,941	128,898
Road Licenses	8,421	3,929
Use of Company Agriculture Machinery	1,690,351	314,085
Bagasse and scum Transport	619,096	548,404
Lubricants	9,363,731	7,322,751
Repairs Plant and Machinery	48,643,918	54,009,194
Depreciation	69,856,592	76,537,740
Staff Recreation	866,958	370,911
	<hr/>	<hr/>
Recoveries	197,933,956 (1,275,776)	212,816,464 (881,533)
	<hr/>	<hr/>
NET EXPENSES	196,658,180	211,934,931
	<hr/> <hr/>	<hr/> <hr/>

**NZOIA
SUGAR COMPANY
LIMITED**

AGRICULTURE ADMINISTRATION

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
Salaries and Wages	11,658,029	10,550,111
Stationery and Photocopies	263,489	362,478
Gas	28,856	26,408
Staff Uniforms	90,220	224,946
Books and Periodicals	11,351	8,592
Fuel (Premium and Regular)	816,382	602,213
Fuel (Diesel & Furnace oil)	440,374	331,472
Lubricants	81,942	32,983
Spare parts	151,384	557,518
Tyres and Tubes	107,177	215,742
Fertilizer and Chemicals	40,644	15,939
Office Supplies	70,502	67,062
Tools	23,434	218,368
Depreciation	629,726	363,450
General Repairs and maintenance	14,387	170,957
Vehicle Repairs	316,299	7,595
Telephone Postage and Radio	9,688	11,104
Use of Company Agriculture machines	1,345,331	147,361
Travelling and Hotel Accommodation	86,402	83,546
Miscellaneous Expenses	28,211	44,643
Repairs Plant and Machinery	15,924	1,235
Road Licenses	19,138	25,905
Road Maintenance	2,566,536	1,617,636
Insurance	75,397	193,084
Entertainment /Staff Recreation	80,848	36,606
Show Expenses	691,989	516,935
Scum and Mud Transport	125,598	—
	<hr/>	<hr/>
TOTAL	19,789,258	16,433,889
Less: Recoveries	—	(45,760)
	<hr/>	<hr/>
NET EXPENSES	<u>19,789,258</u>	<u>16,388,129</u>

**NZOIA
SUGAR COMPANY
LIMITED**

AGRICULTURE SERVICES ADMINISTRATION

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
Salaries and Wages	22,508,810	21,548,238
Travelling and Accommodation	53,164	58,945
Stationery and Photocopying	197,958	283,370
Gas (Welding and Cooking)	334,339	135,727
Uniforms and Clothing	1,094	597,172
Books and periodicals	11,601	9,402
Fuel - (Premium and Regular).	784,846	644,193
Fuel (Diesel and Furnace Oil)	12,553,238	6,750,376
Lubricants	1,999,805	1,114,619
Motor Spares	3,438,090	7,867,144
Tyres and Tubes	682,384	1,212,429
Roads Maintenance	—	111,639
Welding Rods/Tools	457,759	394,504
Office supplies	24,184	19,724
Insurance	3,691,428	2,957,790
Depreciation	19,171,084	27,467,897
General Repairs and Maintenance	38,700	93,523
Tractors and Vehicles Repairs	6,171,154	704,128
Telephone Postage and radio	21,732	35,803
Miscellaneous Expenses	57,582	41,291
Repairs Plant and Machinery	520,994	920,884
Road Licenses	197,032	220,283
Staff Recreation	23,466	35,428
	<hr/>	<hr/>
	72,940,444	73,224,509
Less: Recoveries	(37,256,226)	(25,564,520)
	<hr/>	<hr/>
NET EXPENSES	35,684,218	47,659,989
	<hr/> <hr/>	<hr/> <hr/>

**NZOIA
SUGAR COMPANY
LIMITED**

GENERAL ADMINISTRATION

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
Salaries and Wages	31,905,129	26,586,918
Travelling and Accommodation	2,460,971	1,928,781
Stationery and Photocopying	2,423,302	2,328,681
Cooking Gas	113,719	116,693
Staff Uniforms	167,639	484,288
Books and Periodicals	208,880	76,073
Fuel - (Premium and Regular)	1,234,798	1,194,467
Fuel - (Diesel and Furnace Oil)	610,417	915,030
Lubricants	58,449	96,056
Motor Spares	221,485	705,708
Tyres and Tubes	380,372	297,223
Office Supplies	348,980	373,265
Tools	23,498	129,982
Miscellaneous Expenses	274,464	439,228
General Repairs and Maintenance	3,101,831	2,652,144
Motor Vehicles repairs	858,770	380,190
Security /Police Escort	97,185	108,242
Transport Freight	774,869	615,838
Telephone Postage and Radio	2,935,405	1,448,663
Medical Expenses	5,341,605	5,287,263
Staff training and Recruitment	1,965,475	1,061,081
Advertising and Publicity	204,221	439,838
EDP Expenses	417,363	440,653
Compound Maintenance	628,583	488,928
Road Licenses	36,308	67,482
Subscriptions and Donations	153,652	324,430
Fines and Other Imposts	218,854	268,540
Immigration Expenses	197,700	—
Parking Fee	7,456	4,810
Rent Rates and Lease Hire Charges	1,699,726	891,826
Nzoia Football Club	337,889	316,511
Guest House Supplies	373,307	157,019
Insurances	4,603,488	5,756,459
Packeting & Expenses	83,900	288,098
Water and Electricity	—	2,214
Funeral Expenses	185,171	66,822
Industrial Training Levy	97,940	192,929
Hired Machinery and Transport	57,215	72,420
Use of Company Machines	57,120	102,685
Railway Siding	—	72,420
Repairs Plant and machinery	505	131,960
Entertainment /Staff Recreation	975,293	670,900
Depreciation	7,306,969	6,477,998
	<hr/>	<hr/>
	73,149,903	64,460,473
Less: Recoveries	(1,679,720)	(976,816)
	<hr/>	<hr/>
	71,470,183	63,483,657
	<hr/> <hr/>	<hr/> <hr/>

**NZOIA
SUGAR COMPANY
LIMITED**

OUTGROWERS ADMINISTRATION CANE DEVELOPMENT

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
Salaries and wages	12,106,768	6,898,538
Travelling and Accommodation	86,881	21,245
Stationery and Photocopying	291,941	232,289
Gas	11,572	5,557
Staff Uniforms	2,965	42,119
Fuel - (Premium and Regular)	636,335	411,690
Fuel (Diesel and Oil)	714,941	663,923
Lubricants	243,328	90,467
Spare Parts	1,498,135	299,207
Tyres and Tubes	152,193	29,045
Office Supplies	1,675	48,925
General Repairs and Maintenance	4,492	7,976
Miscellaneous Expenses	7,432	812
Telephone Postage and Radio	5,589	931
Road Licenses	11,378	5,333
Lease Hire Charges/Rent	13,196	4,100
Chemicals/Fertilizer	—	57,484
Road Maintenance	2,285,737	2,031,323
Tools	1,135	3,025
Entertainment/Staff Recreation	7,125	9,383
Use of Company Agriculture Machines	60,509,570	807,292
Insurance	40,710	19,512
Depreciation	710,155	481,730
Motor Vehicle Repairs	262,090	
	<hr/>	<hr/>
	79,605,343	5,061,980
Less: Recoveries	(31,654,006)	—
	<hr/>	<hr/>
	<u>47,951,337</u>	<u>5,061,980</u>

**NZOIA
SUGAR COMPANY
LIMITED**

FINANCIAL AND PROFESSIONAL CHARGES

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
Bank Charges	1,280,026	1,119,424
Interest on Overdraft	75,755,429	35,953,866
Interest on Loans	—	9,965,200
	<hr/>	<hr/>
	77,035,455	47,038,490
Loss on Exchange	4,541,191	715,852
Professional Subscription	111,680	—
MTA Services	3,037,837	330,000
Directors Fees	444,610	185,909
Stock Adjustments	1,457,533	117,293
Audit Fees	482,343	469,186
Legal Fees	41,599,973	5,112,387
Consultancy Fees	125,000	540,000
Presumptive Income Tax	3,808,068	3,263,812
	<hr/>	<hr/>
	132,643,690	57,538,343
	<hr/> <hr/>	<hr/> <hr/>

**NZOIA
SUGAR COMPANY
LIMITED**

CREDITORS AND ACCRUALS AS AT 30.06.1993

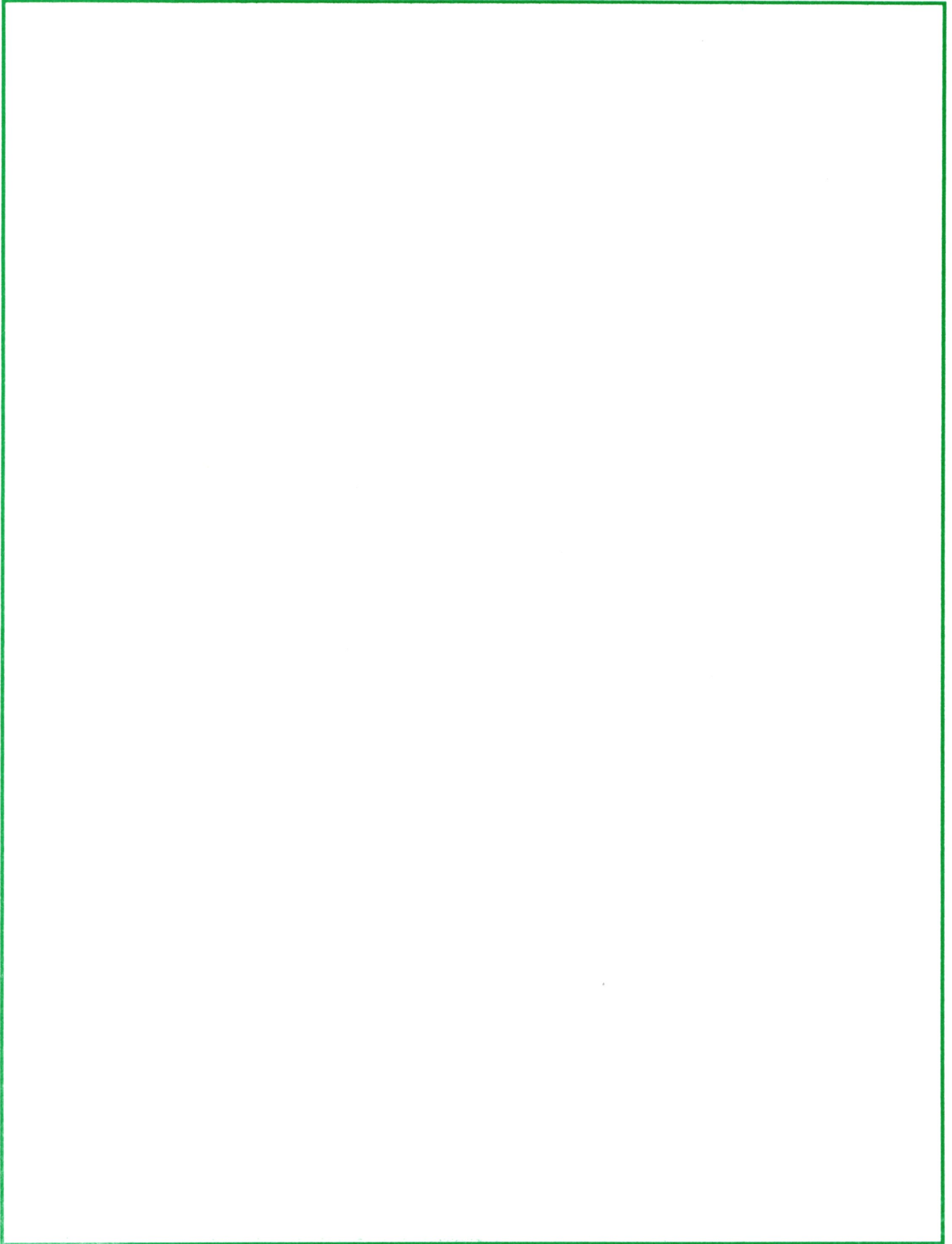
	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS.</u>
023 Accrued Interest Post Bank credit	1,139,284	—
003 Accrued Interest M.O.F	87,917,163	34,453,726
009 Accrued Interest OPEC	10,379,677	9,267,569
011 Accrued Interest IDB	3,272,666	2,649,541
014 Accrued Interest EXIM Bank	227,187,794	29,402,292
019 FCB Creditors	9,972,835	5,500,497
015 Accrued Interest EADB	74,409,132	19,973,730
021 Audit Fee Provision	1,275,716	876,041
708 Outgrowers Farmers	—	6,156,268
730 Excise Duty	125,825	78,000
024 Ministry of Agr. Interest Provision	53,217,939	32,331,970
701 Casual Wages	241,148	35,582
702 Gross salaries and Wages	2,060,890	—
703 N.H.I.F	300,720	10,992
704 N.S.S.F	21,273,533	16,824,459
705 P.A.Y.E	641,207	746,531
707 Trade Creditors	101,569,075	78,967,676
710 Commercial cane Control	—	159,275,185
711 Net Due to farmers	49,459,683	—
713 Union Dues	73,860	10,992
714 Cooperative Society	6,374,262	1,982,616
716 Unclaimed Wages	325,324	191,734
717 School funds	162,497	4,905
718 Guest House	—	11,430
719 Harambee Donations	1,011,527	377,936
778 NOCO Reserves	3,398,686	—
720 Sugar Debtors	4,686,941	—
724 Staff pension	475,712	149,180
725 Court Attachment	29,781	12,343
726 Third Party Recoveries	47,789	59,730
728 Pension Refund	553,371	—
731 Net pay	—	107,485
734 Bicycle Loan	986,780	1,053,173
737 Provision for Uninvoiced Goods	4,203,678	4,867,549
796 - 799 KSA Fund	10,113,670	3,771,846
748 Life assurance	86,611	6,553
749 SAYE	3,480	1,660
763 Arkel International Inc.	—	642,992
782 NOCO Creditors Account	11,840	5,765,208
754 Gratuity Control	—	26,868
759 Accrued for N/E Land rent	6,400,000	4,800,000
786 Motor Vehicle deposit	4,000	4,000
764 Nzoia Nursery School	45,160	4,000
766 Nzoia Canteen	30,963	204,656
788 Build Your House Scheme	446,593	442,658
789-794 County Council Levy & Cess	3,551,312	3,283,864
733, 793 Presumptive Income Tax	25,315,200	16,113,924
761 Management Clearance account	20,000	—
784 Permit Fees(KSA)	24,794	—
	<hr/>	<hr/>
	712,828,118	440,573,104
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**NZOIA
SUGAR COMPANY
LIMITED**

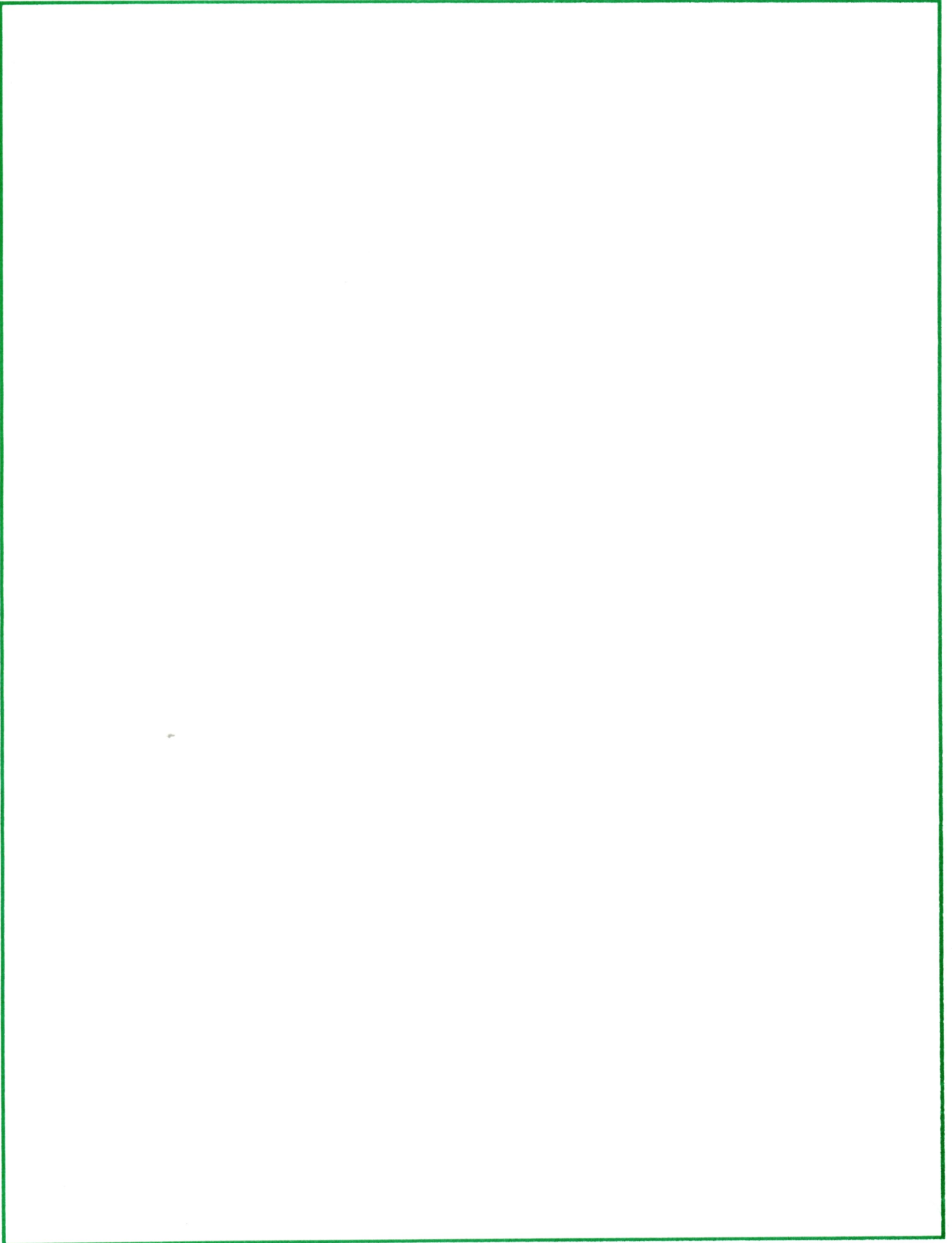
DEBTORS AND PREPAYMENTS AS AT 30.06.1993

	30.06.1993	30.06.1992
	<u>KSHS.</u>	<u>KSHS</u>
008 Road Grant	6,124,060	6,124,060
094 Deposit	2,199,459	1,079,459
708 Outgrowers Debtors	14,529,013	46,403,455
709 Staff Debtors - Live	433,190	1,028,092
769 Staff Debtors - Left	1,591,408	1,164,821
720 Sugar Debtors	—	5,439,800
721 Molasses debtors	1,780,060	2,655,119
722 Other Debtors	6,670,388	3,821,819
736 Railways Deposit	272,700	39,781
738 Interest on O/G Debtors	3,610,866	7,448,549
740 Cane Cutters Control Account O/G	—	11,367,286
741 Hired Transport Control A/C O/G	—	28,185,857
743 Prepaid Insurance	847,241	3,196,786
744 prepaid Road Licenses	95,200	92,137
745 Club Account	—	26,996
747 Nzoia Outgrowers Co. Ltd.	29,033,952	6,475,904
755 Staff Car Loan - Nairobi	1,636,904	1,994,772
756 Staff Car Insurance Control A/C	60,921	66,516
760 Safari Imprest	87,205	429,631
765 Deposit for Purchases - Live	1,033,661	2,644,449
768 Deposit for Purchases - Ex-Staff	375,376	383,213
762 Contractors - Unrecovered Costs	180,663	—
763 Arkel International Inc.	827,876	—
780 Outgrowers debtors Account	5,222,376	5,485,309
781 NOCO - Unrecovered Costs	16,556,619	5,905,146
	<hr/>	<hr/>
	93,169,138	141,909,047
750 Provision for bad debts	(8,356,171)	(8,356,171)
	<hr/>	<hr/>
	<u>84,812,967</u>	<u>133,552,876</u>

**NZOIA
SUGAR COMPANY
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