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**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
MUHORONI SUGAR COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 1994**



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REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
MUHORONI SUGAR COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 1994

KENYA NATIONAL ASSEMBLY
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MUHORONI SUGAR COMPANY LIMITED

P.O. BOX 2, MUHORONI

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 1994

The Directors have the pleasure in submitting their Report and the Audited Financial Statements for the year ended 30th June 1994. Outlined below is a summary state of the Company's affairs:

PRINCIPAL ACTIVITIES

The Company is a Sugar Manufacturing concern incorporated under the Companies Act (Cap.486).

PRODUCTION

The Company's original Budget for cane crushing was 324699 M/Tonnes of cane, producing 26787 M/Tonnes of sugar at a recovery of sugar % of cane of 8.25

The actual cane crushing achieved was 207.363 M/Tonnes producing 15678 M/Tonnes of sugar at a recovery of 7.56%

There was a decrease of only 1.63% of cane crushed as compared to the previous year ended 30th June 1993. The normal annual plant maintenance was not carried out during the year due to lack of funds and this adversely affected the plant efficiency.

OPERATING LOSS AND CASH LOSS

The Company incurred an operating loss of KShs.200,324 million. This included depreciation of KShs.45.819 million, hence resulting to cash loss of KShs.154.505 million compared to cash loss of KShs.104.548 in the previous year ending 30th June 1993.

...../2.

DIRECTOR'S REPORT FOR THE YEAR ENDED 30TH JUNE 1994

RESULTS

The results for the financial year are as follows:

The Company made a loss of KShs.200.324 million as compared to the original Budgeted Loss of KShs.90.359 million, and compared to a loss of KShs.149.940 million in the previous year ending 30th June 1993.

The main factors contributing to the loss of KShs.200.324 million are:

- (i) Cane Availability - the factory expected to receive and crush 324,699 M/Tonnes of cane, when the actual cane received and crushed was 207,363 M/Tonnes, resulting to a shortfall of 117,336 M/Tonnes of cane.
- (ii) Decrease in Revenue - due to reduction in production, the actual sugar sales for the year (net) was KShs.394.195 million against the original budgeted sales of KShs.442.548 million, resulting to an adverse variance of KShs.48.352 million.
- (iii) Sugar Recovery Rate - the actual sugar recovery rate achieved was 7.56% against the budgeted rate of 8.25%. This resulted to a loss of 1430 M/Tonnes of sugar at a value of KShs.44.201 million.

RESTRUCTURING

The Restructuring of the Company's equity - by converting the Company's outstanding long term loans, Customs and Excise Duty and accrued interests therein, into equity is long over due. The "Restructuring" proposal was submitted to the Government about ten years ago and several follow - ups have been made to the Government.

DIVIDENDS

The Directors do not recommend payment of any dividend due to losses. /3.

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 1994

CANE DEVELOPMENT

The Company developed 1672 hectares of cane in the Outgrowers and 292 hectares in the Nucleus as compared to targets of 2000 and 400 hectares respectively.

CANE PURCHASES

A total of 183,937.55 M/Tonnes of cane worth KShs.244.645 million was purchased from contracted Outgrowers with a net of KShs.135.197 million payment after deductions for services and inputs totalling to KShs.109.448 million. This represents an average net income to the farmer of 55%.

PERSONNEL AND TRAINING

There was good labour relations as there was no industrial unrest during the financial year. There was no salary increments for the management staff, and training and manpower development of staff was minimised due to lack of funds.

CONCLUSION

Restructuring of the Company's capital base is a factor which must now be taken seriously and implemented immediately as per the Company's recommendations and proposals submitted to the Government.

DIRECTORS

The Directors who held the Office during the year were:

Mr. Tom Ogechi	- Chairman
Mr. Jeremiah Onyango	- Ministry of Agriculture
Mr. Justus Mudavadi	- Kenya Sugar Authority
Mr. K.O. Anyim	- Treasury
Mr. J.M. Kabuga	- Development Finance Company of Kenya
Mr. J.P.L. Nyaberi	- Attorney General's Chambers
Mr. Managal Singh OR Mr. C.D. Mehta	- Mehta International(Group)Ltd

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 1994

AUDITORS

The Auditor General (Corporations) will continue in the Office in accordance with Section 9 (1) of the Exchequer and Audit - (Amendment) Act 1985.

SHARE HOLDERS

	<u>No. of Shares in '000s</u>	<u>Percentage</u>
Government of the Republic of Kenya	2067	74.2
UKETA	470	16.9
Development Finance Company of Kenya	240	8.6
Others	<u>10</u>	<u>0.3</u>
	2787	100.0
	=====	=====

ACKNOWLEDGEMENT

The Directors on behalf of members would like to thank the Managing Director and all the employees for their hard work during the difficult year and their continued commitment to the Company.

DIRECTOR 

SECRETARY 

ADVOCATES

Robson Harris and Company, Advocates

AUDITORS

Auditor General (Corporations)

BANKERS

National Bank of Kenya, Kisumu

Kenya Commercial Bank Limited, Kisumu

Kenya Commercial Bank Limited, Muhoroni

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 1994

REGISTERED OFFICE

Muhoroni Sugar Company Limited

P.O. Box 2

MUHORONI

SENIOR MANAGEMENT

Managing Director	- Mr. J.W. Oluga
Deputy Managing Director	- Mr. Frank A. Ruto
Agricultural Manager	- Mr. J.K. Sawe
Agricultural Services Manager	- Mr. G. A. Okullo
Financial Controller	- Mr. D. K. Aseto
Personnel and Training Manager	- Mr. M.O.L. Apiyo
Factory Manager	- Mr. W.O. Ogindo

...../6.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF MUHORONI SUGAR COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 1994

I have examined the accounts of Muhoroni 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 that I have required for the purpose of the audit. Proper books of account have been kept by the Company and the accounts are in agreement therewith and comply with Companies Act.

Subject to the reservations set out herebelow, in my opinion, the accounts when read together with the notes thereon, show a true and fair view of the Company's financial affairs as at 30 June, 1994 and of its loss and source and application of funds for the year ended on that date.

1. FINANCIAL POSITION

During the year ended 30 June 1994, the company incurred a loss of Kshs.200,324,870 (1992/93 Kshs.149,940,788) thereby bringing the accumulated losses to Kshs.939,633,894 as at 30 June 1994. The Balance Sheet as at the same date reflects a negative working capital of Kshs.592,753,904 (1992/93 Kshs.423,527,680). The company was technically insolvent and was unable to meet its financial obligations when due. It was unable to pay accrued interest of Kshs.160,641,190 as well as other creditors. The company continued to rely on a bank overdraft which stood at Kshs.284,489,979 (against approved limit of Kshs.150,000,000). It has attributed its precarious financial position to insufficient cane supply as it crushed only 207,363 tons of cane against planned tonnage of 324,699, producing 15,678 tons of sugar. The company's accounts for the year have, therefore, been prepared on a going concern basis on the assumption that the company will continue to receive the necessary support from the Government, its Bankers and Creditors.

2. LOSS IN GROSS PROFITS

2.1. Price Defferential

Due to acute cane shortage caused by inordinate planning on the part of management, the company bought 183,937 tons of cane from non-contracted farmers at Kshs.1,449.16 per ton against the recommended Government price of Kshs.1,250 per ton thereby incurring an excess expenditure on cane purchases by Kshs.36,632,892. The excess expenditure aggravated significantly the company's adverse financial position but the management has justified the high price on the premise that the factory could have otherwise not been sustained.

2.2. Factory Losses

During the year the factory received and crushed 207,363 tonnes of cane and only managed a sugar recovery rate of 7.56% against the normal budgeted rate of 8.25% which would have produced 17,109 tonnes of sugar. There was therefore, unrecovered sugar of 1,431 tonnes worth Kshs.39,238,020. The low sugar recovery rate similarly compounded the company's adverse financial position. Although the company has explained, as in previous years, that the under recovery of sugar is occasioned

by inefficiency in cane crushing machine which has led to substantial quantity of sugar being lost through bagasse, there is no evidence that the company will soon find a solution.

3. DEFERRED DEBTS AND LOANS

The company's deferred debts and loans for the cane development amounted to Kshs.171,150,560 as at 30 June, 1994 (1992/93 - Kshs.108,653,656). These debts are normally recoverable from the proceeds of cane delivered by the farmers. Among the deferred debtors are farmers who owe the company Kshs.86,140,192 dating back to the years between 1982 and 1992. This category of debtors has not delivered cane to the company for many years and their land has since gone fallow thus rendering recovery of the debts doubtful. The Company has not indicated action taken, if any, to secure payment.

4. ACCRUED INTEREST

As mentioned in my report for 1992/93, the company assumed that the Government would approve the company's proposal to convert the long term loans totalling Kshs.695,067,040, interest thereon and penalty on excise duty into equity. On the basis of this assumption, the company has not, as in previous years, provided for and accrued the interest on these loans during the year under review. As a result, the loss and liabilities as at 30 June 1994 are understated to the extent of such unaccrued interest.

5. BUDGETARY CONTROL

According to the 1993/94 budget approved by the Board of Directors and Treasury, it was vividly spelt out that the company was not to undertake any capital commitments during the year due to its continued deteriorating financial position.

However, without budgetary provisions and Treasury approval, the company went ahead and acquired a new PABX telecommunication Exchange System, a Suzuki Vitara S/W vehicle, 6 Kawasaki Baja Motor Cycles, 4 Ford tractors, drilled one bore hole in the estate and refurbished the Managing Director's house. These were acquired at a total cost of Kshs.17,010,832. Although the company attributed the expenditure on the exigencies, no satisfactory explanation has been given for not having sought Treasury approval prior to committing the funds.

6. PROCUREMENTS

During the year under review, the company procured goods worth over Kshs.6,664,022 from several suppliers without inviting quotations. The company has however attributed the course of action to suppliers' failure to honour company LPOs due to delayed payment arising from its weak financial position. Consequently the company may not have enjoyed value for money in respect of goods procured in such a manner and this in turn aggravated the already weak financial position.

7. SUPPLIERS' NON DISCLOSURE OF V.A.T. COMPONENT ON PURCHASE INVOICES

The company procured its factory requirements worth over Kshs.35,343,232 from V.A.T. - eligible suppliers who failed

to show the VAT component on their invoices and in the process, the company could not claim such input tax. The company has not satisfactorily explained why it allowed its suppliers to violate this legal requirement which denied the company its financial benefit.

8. DEBTORS

Included in the Other Debtors' figure of Kshs.24,776,187 is Kshs.1,132,788 still owed by a former managing director. The debt partly resulted from dishonoured cheques and credit cards which can only be regarded as misuse of facilities and privileges. As far as I am aware the former managing director has not made any effort to settle the debt.

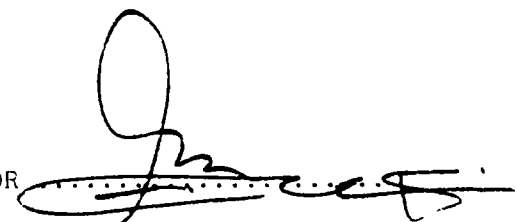



W.K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

16 October, 1997.

MUHORONI SUGAR COMPANY LIMITED

BALANCE SHEET AS AT 30TH JUNE 1994

		1994	1993
	NOTE	KSHS	KSHS
<u>FIXED ASSETS</u>	2	605,246,799	621,678,879
Capital Work in Progress		5,661,367	5,010,117
Deferred Debts and Loans	3	171,150,560	108,653,656
Standing Crop-Forestry	4	5,384,478	4,399,198
Investment at Cost		583,180	583,180
<u>CURRENT ASSETS</u>			
Stocks	5	138,504,494	107,725,867
Standing Cane		23,555,435	16,779,048
Goods in Transit		3,217	17,276,220
Debtors - Trade	6	6,358,283	8,721,132
Debtors - Others		24,776,187	17,025,008
Cash and Bank Balances	7	1,380,757	3,888,560
		194,578,373	171,415,835
<u>CURRENT LIABILITIES</u>			
Creditors	8	188,701,271	134,903,306
Accruals	9	314,141,027	266,674,962
Bank Overdraft - Secured	10	284,489,979	193,365,247
		787,332,277	594,943,515
<u>NET CURRENT LIABILITIES</u>		(592,753,904)	(423,527,680)
		195,272,480	322,797,350
<u>SHARE HOLDERS EQUITY</u>			
Share Capital	11	55,741,920	55,741,920
Reserves	12	(628,336,480)	(428,011,610)
Total Share Holders Equity		(572,594,560)	(372,269,690)
Long Term Loans	13	767,867,040	695,067,040
		195,272,480	322,797,350
DIRECTOR		DIRECTOR	

MUHORONI SUGAR COMPANY LIMITED

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

	1994	1993
	KSHS	KSHS
Turnover	394,196,500	226,101,574
Loss for the year <u>After charging</u>	200,324,870	149,940,788
Auditors Remuneration	300,000	300,000
<u>Financial charges</u>		
Bank overdraft and Interest	74,427,370	51,350,411
Other Interest	2,025,139	10,841,140
Depreciation	45,819,754	45,392,470
<u>After Crediting</u>		
Profit on Disposal of Fixed Assets	-	52,600
<u>Statement of Accumulated Losses</u>		
Loss for the Year	200,324,870	149,940,788
Accumulated Loss brought forward	739,309,024	589,368,236
Accumulated Loss carried forward	939,633,894	739,309,024

MUHORONI SUGAR COMPANY LIMITED
SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH JUNE 1994

	1994	1993
	KSHS	KSHS
<u>Source of Funds</u>		
Sale of Fixed Assets	-	2,870,519
National Bank of Kenya, Ministry of Agriculture, Kenya Sugar Authority	72,800,000	(30,290,799)
Net Outlay recoverable on Outgrowers Accounts	(62,496,904)	(13,653,634)
	10,303,096	(41,73,914)
<u>Application of Funds</u>		
From: Operations:		
Net Loss	(200,324,870)	(149,940,788)
Add: Items not affecting working capital:		
Depreciation	45,819,754	45,392,470
Profit on sale of Fixed Assets	-	(52,600)
Funds consumed by operations	(154,505,116)	(104,600,918)
Purchase of Fixed Assets	23,387,674	6,754,780
Increase/Decrease in capital work in Progress	651,250	-
	178,544,040	111,355,698
Movement in Funds	(168,240,944)	(152,429,612)
<u>Represented By:</u>		
<u>Increase/(Decrease) in components of working capital:</u>		
Stocks	21,267,291	11,691,901
Debtors	5,388,330	10,145,745
Creditors and Accruals	(101,264,030)	(74,899,047)
Bank Overdraft	(91,124,732)	(100,926,764)
Cash and Bank Balances	(2,507,803)	1,558,553
	168,240,944	(152,429,612)

MUHORONI SUGAR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1994

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTIONS

The Company's Financial Statements have been prepared under the historical cost convention as modified for the revaluation of Freehold Land, Plant and Machinery and Permanent Buildings which is incorporated in these Financial Statements.

DEPRECIATION

No depreciation is provided on freehold land or Capital work in Progress. Other Fixed Assets are being written off by annual instalments over their anticipated useful lives. Half the annual rate of depreciation is provided in the year of purchase of an asset, while no provision is made in the year of disposal.

Depreciation has been charged on the cost or valuation of the Fixed Assets at the following rates:

	%
	<u>Per Annum</u>
Freehold Land	Nil
Capital Work in Progress	Nil
Buildings (non-residential)	2
Buildings (residential)	2
Factory Plant and Machinery	5
Motor Vehicles	25
Tractors and Trailers	20
Agricultural Implements	20
Office Machines, Fitting and Equipment	7.5
Office Furniture	7.5
Road and Drainage	2
Household and Equipment	33.33

Maintenance, repairs and minor renewals are charged to expenses as incurred. Major renewals or improvements are capitalised. When depreciable assets are retired or otherwise disposed of, the cost and the related allowances for depreciation are removed from the accounts and the resulting gain or loss is reflected in the Profit and Loss Account.

MUHORONI SUGAR COMPANY LIMITED

VALUATION OF STOCK

Stock are valued at the lower of the cost (including materials and labour) and net realisable value except for Sugar and Molasses (the latter which is a by product of sugar production) are valued at estimated realisable value.

The stock of growing cane is valued at direct cost.

TURNOVER

Turnover comprises of net invoiced sales of sugar excluding sugar levy (KSA) and Value Added Tax.

On 30th June 1986, all the Company's Fixed Assets were professionally revalued by Messrs Moyoti and Associates. The valuation on the Assets, except for Vehicles and Mobile Equipment, was incorporated in the Financial Statements.

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MUHORONI SUGAR COMPANY LIMITED

2. FIXED ASSETS

COST VALUATION

	<u>AT 1.7.93</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>AT 30.6.94</u>
	KSHS	KSHS	KSHS	KSHS
Freehold Land	19,946,280	-	-	19,946,280
Buildings	74,244,591	-	-	74,244,591
Plant and Machinery	656,467,800	14,078,975	-	670,546,775
Vehicles and Mobile Equipment	104,445,023	3,954,269	-	108,399,292
Furniture and Equipment	20,069,771	4,412,280	-	24,482,051
Roads and Drainage	6,161,266	956,993	-	7,118,259
	881,334,731	23,402,517	-	904,737,248
<u>DEPRECIATION</u>		Charge for the Year	Reversal of Depreciation	Cumulative Depreciation
Buildings	10,702,403	1,561,526	-	12,263,929
Plant and Machinery	165,087,156	33,175,364	-	198,262,520
Vehicles and Mobile Equipment	70,106,259	9,431,501	-	79,537,760
Furniture and Equipment	6,905,057	1,542,981	-	8,448,038
Roads and Drainage	854,977	123,225	-	978,202
	253,655,852	45,834,597	-	299,490,449
<u>NET BOOK VALUE</u>				
Freehold Land	19,946,280	-	-	19,946,280
Buildings	63,542,188	-	-	61,980,662
Plant and Machinery	491,380,644	-	-	472,284,255
Vehicles and Mobile Equipment	34,338,764	-	-	28,861,532
Furniture and Equipment	13,164,714	-	-	16,034,013
Roads and Drainage	5,306,289	-	-	6,140,057

MUHORONI SUGAR COMPANY LIMITED

3. DEFERRED DEBTS AND LOANS

Outgrowers Account (net of Provision
for Doubtful Accounts)

1994	1993
<u>KSHS:</u>	<u>KSHS:</u>
171,150,560	108,653,656

The Debts and Loans are made up of advances and loans to cane - Outgrowers and are to be recovered from cane proceeds. Recoveries in most cases take more than one and a half years to be effected.

4. STANDING CROP - FORESTRY

This represents Gum trees planted in the Nucleus Estate Forestry and is valued at cost:

	1994	1993
	<u>KSHS:</u>	<u>KSHS:</u>
Value	5,384,478	4,399,198

MUHORONI SUGAR COMPANY LIMITED

5. STOCK

	1994	1993
	KSHS:	KSHS:
Stores	138,068,402	95,293,992
Sugar	19,636	11,960,220
Molasses	27,806	19,634
Unmilled Cane	-	309,087
Livestock	388,650	142,934
	<u>138,504,494</u>	<u>107,725,867</u>

6. TRADE DEBTORS

	1994	1993
	<u>KSHS:</u>	KSHS:
Kenya National Trading Corporation (KNTC)	6,358,283	8,721,132
	<u>6,358,283</u>	<u>8,721,132</u>

7. CASH AND BANK BALANCES

	1994	1993
	<u>KSHS:</u>	<u>KSHS:</u>
Cash in Hand	1,380,757	3,050,896
Cash at Bank	<u>-</u>	<u>837,664</u>
	<u>1,380,757</u>	<u>3,888,560</u>

8. CREDITORS

	1994	1993
	<u>KSHS:</u>	<u>KSHS:</u>
Trade Creditors	188,701,271	134,903,306
Cane Suppliers	<u>54,448,117</u>	<u>50,624,964</u>
	<u>243,149,388</u>	<u>185,528,270</u>

MUHORONI SUGAR COMPANY LIMITED

9. <u>ACCRUED EXPENSES</u>	<u>1994</u>	<u>1993</u>
	<u>KSHS:</u>	<u>KSHS</u>
Interest on Loans	160,641,190	160,641,190
Other Accruals	99,051,723	55,408,807
	<u>259,692,913</u>	<u>216,049,997</u>

10. BANK OVERDRAFT

The Bank Overdraft is secured by a debenture over the entire assets of the Company. The debenture is held pari - passu with the Government of Kenya to secure loans analysed in Note 13 below.

11. <u>SHARE CAPITAL</u>	<u>1994</u>	<u>1993</u>
	<u>KSHS:</u>	<u>KSHS:</u>
Authorised Issued and Fully paid 2787096 Ordinary Shares of KShs.20.00 each	55,721,920	55,721,920

12. RESERVES

	CAPITAL RESERVE	ACCUMULATED LOSSES	TOTAL
	KSHS.	KSHS.	KSHS
Balance at 1.7.93	311,297,414	(739,309,024)	(428,011,610)
Loss for the Year ended 30th June 1994		(200,324,870)	(200,324,870)
	311,297,414	(939,633,894)	(628,336,480)

13. LOANS

	INTEREST RATE %	OUTSTANDING AT 30.6.94 KSHS:	OUTSTANDING AT 30.6.93 KSHS:
Kenya Government Loan	6	24,900,235	24,100,235
Ministry of Agriculture Loan	10.5	49,342,000	49,342,000
World Bank Loan	10.5	151,049,893	151,049,893
Stork Sugar Loan		305,574,912	305,574,912
National Bank of Kenya Loan	16.5	175,000,000	145,000,000
Kenya Sugar Authority Loan		62,000,000	20,000,000
		<u>767,867,040</u>	<u>695,067,040</u>

MUHORONI SUGAR COMPANY LIMITED

The Company had proposed to the Kenya Government to convert long term debts to equity and the Government's response and implementation is still being awaited as indicated in the above Notes.

No interest has been accrued in these Financial Statements on all the loans indicated above.

All the above loans are secured by a debenture charging all the assets of the Company held pari-passu with the National Bank of Kenya Limited.

The Stork Sugar loan has been guaranteed by the Kenya Government.

MUHORONI SUGAR COMPANY LIMITED

MANUFACTURING, TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30th JUNE 1994

	1994	1993	1994	1993
	Tons	Tons	KShs	KShs
Sugar Sales	15,851.70	13,652.50	434,045,419	245,252,224
Less: VAT/KSA Levy			39,848,919	19,150,650
			394,196,500	226,101,574
Add: Closing Stock	0.60	141.00	19,636	11,960,220
			394,216,136	238,061,794
Less: Opening Stock	141.00	196.70	11,960,220	5,396,092
	15,711.30	13,596.80	382,255,916	232,665,702
Less: Storage and Transport			978,989	642,432
			381,276,927	232,023,270
Molasses Sales (Net)			5,950,414	3,581,075
Other Income			1,170,828	787,253
			388,398,169	236,391,598
Less: Cost of Cane (Schedule "B")			292,773,641	187,573,329
Factory Cost (Schedule "E")			169,954,872	107,988,869
General Overheads (Schedule "F")			70,675,825	40,958,291
			533,404,338	336,520,489
Trading Profit/(Loss)			(145,006,169)	(100,128,891)
Add/(Less)				
Directors Fees and Expenses			201,136	195,411
Audit Fees			300,000	300,000
Legal and Professional Fees			3,551,526	6,776,816
Interest and Financial charges (Schedule "G")			49,766,039	41,092,270
Profit on disposal of Fixed Assets			-	(52,600)
Provision for bad and doubtful debts			1,500,000	1,500,000
			55,318,701	49,811,897
PROFIT/(LOSS) FOR THE YEAR			(200,324,870)	(149,940,788)

COST OF CANE FOR THE YEAR ENDED 30TH JUNE 1994

SCHEDULE "B"

	1994		1993	
	Tons	KShs	Tons	KShs
<u>NUCLEUS ESTATE</u>				
Cane Harvested (Schedule "C")	23,178.21	<u>26,185,155</u>	21,471.95	<u>24,142,558</u>
Cost Per Ton		<u>1,129.73</u>		<u>1,124.38</u>
<u>SOCIETIES</u>				
Cane Purchases	149,046.54	198,486,835	168,004.47	132,721,035
Agricultural Services (Schedule "D")		<u>17,506,510</u>		<u>12,357,338</u>
		<u>215,993,345</u>		<u>145,078,373</u>
Cost Per Ton		<u>1,449.16</u>		<u>863.54</u>
<u>OTHER FARMERS</u>				
Cane Purchases	34,891.01	46,467,916	21,251.78	16,790,101
Agricultural Services (Schedule "D")		<u>4,127,225</u>		<u>1,562,297</u>
		<u>50,595,141</u>		<u>18,352,398</u>
Cost Per Ton		<u>1,449.16</u>		<u>863.54</u>
TOTAL	207,115.76	292,773,641	210,728.20	187,573,329
Add: Opening Stock	247.27	309,087	320.99	202,223
Less Closing Stock	-		247.27	309,087
	207,363.03	293,082,728	210,801.92	187,466,465
Cost Per Ton		<u>1,413.37</u>		<u>889.30</u>

COST OF ESTATE CANE FOR THE YEAR ENDED 30TH JUNE, 1994

SCHEDULE "C"

	1994	1993
	KSHS	KSHS
<u>PLANTING AND CULTIVATION</u>		
Land Preparation - Mechanical	4,166,604	1,965,510
Planting and Maintenance	11,938,306	7,883,949
	16,104,910	9,849,459
Add: Standing Cane - 1st July 1993	16,779,048	20,701,277
	32,883,958	30,550,736
Less: Standing Cane - 30th June 1994	23,555,435	16,779,048
	9,328,523	13,771,688
Harvesting, Loading and Transport	13,111,965	7,985,106
Roads and Drainage	954,680	737,043
Depreciation	67,552	69,375
Agricultural Services Expenses (Schedule "D")	2,722,435	1,579,346
Total Cane Harvested	26,185,155	24,142,558
Cane Harvested - Tons	23,178.21	21,471.95
Cost Per Ton - of Cane Harvested - (KShs.)	1,129.73	1,124.38

AGRICULTURAL SERVICES EXPENSES FOR THE YEAR ENDED 30TH JUNE 1994

SCHEDULE "D"

	1994	1993
	KSHS:	KSHS:
<u>OUTGROWERS</u>		
Salaries, Wages and Benefits	3,409,138	2,371,033
Seedcane	10,555,650	7,403,514
Contract Work - Land Preparation	-	624,079
Land Development by MUSCO Ltd to Outgrowers	6,575,115	1,598,721
Fertilizers and Weedcides	13,868,344	3,695,581
Planting and Weeding	7,643,246	2,562,324
Motor Vehicles	1,235,684	552,465
Depreciation	217,366	148,052
TOTAL: OUTGROWERS	43,504,543	18,955,769
<u>GENERAL ADMINISTRATION</u>		
Salaries, Wages and Benefits	3,158,695	2,165,844
Travelling	530,900	336,014
Insurance	47,431	56,366
General Services	2,167,678	1,217,042
Maintenance	1,349,788	756,633
Depreciation	463,303	266,771
TOTAL: GENERAL ADMINISTRATION	7,717,795	4,798,670
<u>TRACTOR OPERATIONS</u>		
Salaries, Wages and Benefits	3,547,761	2,823,638
Fuel	5,301,427	2,420,698
Maintenance	2,130,940	901,375
Insurance	410,587	419,410
Depreciation	1,821,530	1,929,628
	13,212,245	8,494,749
Less: Land Development Recoveries	4,620,636	1,598,721
TOTAL: TRACTOR OPERATIONS	8,591,609	6,896,028

AGRICULTURAL SERVICES EXPENSES

SCHEDULE "D"

	1994	1993
	KSHS.	KSHS.
<u>MOTOR VEHICLES OPERATIONS</u>		
Salaries Wages and Benefits	700,812	552,061
Fuel	79,754	102,999
Maintenance	242,672	30,423
Depreciation	6,103	-
TOTAL : MOTOR VEHICLES OPERATION	1,029,341	685,483
<u>GARAGE OPERATIONS</u>		
Salaries, Wages and Benefits	6,119,697	4,588,014
Maintenance	1,283,184	736,038
Insurance	19,401	8,434
Depreciation	210,416	206,943
TOTAL: GARAGE OPERATIONS	7,632,698	5,539,429
<u>CANE TRANSPORT OPERATIONS</u>		
Salaries, Wages and Benefits	2,964,111	2,208,497
Fuel	4,419,597	3,919,852
Hire of Private Transport (Less Winch)	(317,844)	(230,303)
Maintenance	7,348,828	1,826,902
Insurance	567,428	802,677
Depreciation	4,970,074	5,091,237
TOTAL: CANE TRANSPORT OPERATIONS	19,952,194	13,618,862
<u>IMPLEMENTS</u>		
Maintenance	1,194,094	302,815
Depreciation	-	-
TOTAL: IMPLEMENTS OPERATION	1,194,094	302,815
GRAND TOTAL: AGRICULTURAL SERVICES OPERATIONS	89,622,274	50,797,056

AGRICULTURAL SERVICES EXPENSES

SCHEDULE "D"

	1994	1993
	KSHS	KSHS
GRAND TOTAL	89,622,274	50,797,056
Less: (a) Land Preparation Nucleus Estate	4,166,604	1,965,510
(b) Cane Transport - Outgrowers	4,264,024	13,859,637
(c) Cane Transport - Nucleus Estate	4,890,602	2,490,746
(d) Receivables from Outgrowers	51,613,910	16,823,834
(e) Factory Works and Others	330,964	158,348
	65,266,104	35,298,075
NET AGRICULTURAL SERVICES EXPENSES	24,356,170	15,498,981
Allocated as follows:		
Nucleus Estate	2,722,435	1,579,346
Societies	17,506,510	12,357,338
Other Farmers	4,127,225	1,562,297
	24,356,170	15,498,981

MUHORONI SUGAR COMPANY LIMITED

FACTORY COST FOR THE YEAR ENDED 30TH JUNE 1994

SCHEDULE "E"

	1994	1993
	KSHS:	KSHS:
Salaries, Wages and Benefits	37,687,103	28,979,953
Chemicals and Additives	9,190,596	3,689,104
Fuel, Power and Lubricants	26,171,231	9,507,646
Plant Maintenance	48,777,215	22,404,439
Depreciation	35,351,697	34,997,143
Factory Packing Materials	10,340,842	4,287,705
Weighbridge	876,424	514,487
Factory - Insurance	1,559,764	3,608,392
	169,954,872	107,988,869
Through put (Cane Crushed) Tons	207,363.03	210,801.92
Cost per Ton - KShs.	819.60	512.28
Sugar Bagged -Tons	15,711.30	13,827.00
Cost per ton - KShs.	10,817.36	7,810.00

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MUHORONI SUGAR COMPANY LIMITED

GENERAL OVERHEADS FOR THE YEAR ENDED 30TH JUNE 1994

SCHEDULE "F"

	1994	1993
	KSHS:	KSHS:
<u>GENERAL ADMINISTRATION</u>		
Salaries, Wages and Benefits	12,260,489	7,556,712
Housing Maintenance	7,354,804	3,991,538
General Office Expenses	10,659,316	7,363,553
Travelling and Motor Vehicles	4,798,602	2,418,314
Guest House	840,877	345,359
Depreciation	2,719,396	2,189,106
Insurance	2,193,868	1,765,217
Public Relations and Trade	2,186,176	908,024
	43,013,528	26,537,823
<u>GENERAL SERVICES</u>		
Stores Expenses	2,408,941	1,384,775
Medical Expenses	6,979,702	3,284,548
Upkeep of Grounds	606,181	481,641
Personnel and Welfare	9,729,086	3,297,747
Security Expenses	6,168,472	4,820,188
School and Kindergarten	1,769,915	1,151,569
	27,662,297	14,420,468
Total Overheads	70,675,825	40,958,291
Cost per ton crushed	340.83	194.30
Cost per ton of sugar bagged	4,498.40	2,962.20

FINANCIAL CHARGES FOR THE YEAR ENDED 30TH JUNE 1994

SCHEDULE "C"

	1994	1993
	KShs	KShs
Interest on Overdraft (NBK)	74,427,370	10,356,848
Interest on Loan (NBK)	1,278,819	39,811,187
Bank Charges and Commission	746,320	7,015,891
Others	-	4,827,625
	76,452,509	62,191,551
<u>Less: Receivables:-</u>		
Outgrowers Loan Interest	26,686,470	21,099,281
Others	-	-
	26,686,470	21,099,281
	49,766,039	41,092,270
Cost per Ton of cane crushed	240.00	194.93
Cost per Ton of Sugar Bagged	3,167.53	2,971.88