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# Sisal Board of Kenya

**ANNUAL REPORT - 1986  
AND  
EIGHTEEN MONTHS AUDITED  
ACCOUNTS: JANUARY, 1985  
TO JUNE, 1986**

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# SISAL BOARD OF KENYA

## BOARD MEMBERSHIP - 1986

CHAIRMAN	-	Lucas Kamau Ngureti
MEMBERS	-	Mwacharo Kubo
	-	Joseph Wathua Kigwe
		Constantine G. Emmanuel
		Fritz Kaestli
		Anthony George Combos
		David Mulama
		Hon. James Mbori, M.P.
		D.J. Munyae
	Permanent Secretary, ministry of Agriculture	
	Director of Agriculture	
CHIEF EXECUTIVE (Secretary to the Board)	-	Eustace G. Karanja
REGISTERED HEAD OFFICE	-	Old Mutual Building, Kimathi Street, P.O. Box 41179, NAIROBI.
INSPECTORATE	-	Kenya Sisal Board Inspectorate, Mozambique Road. P.O. Box 81764, MOMBASA.

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## REVIEW OF THE SISAL INDUSTRY - JANUARY TO DECEMBER, 1986

### (a) General

The declining trend in sisal production continued in the year 1986. Production figures for 1986 indicate a drop of 7 percent between December, 1985 and 1986. This situation is attributed largely to the rather dry conditions in some of the major producing districts of Coast and Rift Valley provinces. Another factor was the falling financial returns to the growers of sisal. As a result of stagnant prices of sisal in the world markets, sisal farmers found it difficult to expand the area under sisal. And in some cases, sisal growers have failed to undertake the essential annual re-planting to correspond with the sisal fields going out of production.

The more notable and alarming situation however related to the production to sisal by small-scale growers. During the second successive year, production of small-holder sisal dropped by another 50 per cent to the very low figure of 2,561 metric tons.

Despite the above problems the sisal industry still remained an important supplier of the raw material required for manufacture of essential inputs in the rest of the agricultural sector of the economy - gunny bags, ropes and twine. The industry also maintained a respectable position as one of the few crops earning foreign exchange for the country. And equally important, the industry maintained its record as a leading employer - a net total wage employment of 11,545 Kenyans in the sisal estates as at 31st December, 1986. This figure excludes those employed in the spinning factories and those self-employed as small-holder sisal producers.

### (b) Production

Production of sisal, of all grades, in 1986 totalled 41,507 metric tons. The highest monthly production was obtained in September - 4,045 metric tons. And the lowest monthly production figure was recorded in April (2,839 metric tons).

Production figures for the two successive years (1985 and 1986) by provinces were:-

Province	Production - 1985 (metric tons)	Production - 1986 (Metric tons)
Coast	15,040	14,973
Rift Valley	15,883	15,777
Central	3,556	4,653
Eastern	4,203	3,543
Nyanza	6,233	2,561
	<u>44,915</u>	<u>41,507</u>

(c) **Sisal Fibre Marketing**

During the year 1986, Kenya's exports of sisal fibre and tow totalled 31,913 metric tons. Foreign exchange earned from the sale of the fibre overseas amounted to the equivalent of KSh. 217,507, 270.

There was an increase in the sale of sisal locally compared with 1985. The local spinners purchased a total of 7,199 metric tons (valued at Ksh. 43,225,081) in 1986 as compared with 6,969 metric tons in 1985.

All together, Kenya's sisal was exported to thirty four countries. Japan was the leading among ten major importers followed by U.S.S.R., Spain, United Kingdom, Portugal, Ivory Coast, Southern Korea, Egypt, Italy and India.

(d) **Sisal Board Operations**

The operations of the Board remained severely constrained by lack of funds. The Board's revenue sources were very Limited - a small production cess of only Ksh. 30/= per ton and rent from the lease of godowns to the Board's sisal marketing agents. With the rising expenditures, the Board during the period January, 1985 to June, 1986 incurred an operational deficit of K£ 29,972. During the year, it became increasingly urgent for additional sources of Board's revenue to be found.

In the meantime, the Board had to resort to borrowing from its bankers and to withdrawing all the fixed deposits in order to finance the operational deficit and to, in particular, undertake essential repairs to two of its sisal godowns at Mombasa.

E.G. KARANJA  
Chief Executive

# SISAL BOARD OF KENYA

ACCOUNTS  
FOR THE YEAR ENDED 30TH JUNE 1986

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**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE  
ACCOUNTS OF THE KENYA SISAL BOARD FOR THE EIGHTEEN  
MONTHS' PERIOD ENDED 30TH JUNE, 1986**

I have examined the Balance Sheet and the Income and Expenditure Account of the Kenya Sisal Board for the eighteen months period ended 30th June, 1986 in accordance with the provisions of Section 10 (1) of the Sisal Industry Act (Cap 341) as amended by the Exchequer and Audit (Amendment) Act, 1985. 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 and the accounts are in agreement therewith. In my opinion, the accounts, when read together with the notes thereof, present a true and fair view of the state of affairs of the Board as at 30th June, 1986 and of its Income and Expenditure for the eighteen months' period ended on that date.

A.J. OKOTH  
AUDITOR-GENERAL (CORPORATIONS)

3rd November, 1987

# SISAL BOARD OF KENYA

## BALANCE SHEET 30TH JUNE 1986

	NOTES	1985/86 K£	1984 K£
FIXED ASSETS	2	<u>123,218</u>	<u>86,121</u>
<b>CURRENT ASSETS</b>			
Stock		801	493
Debtors	3	27,327	29,394
Deposits		25,000	77,500
Bank & Cash		9,408	880
		<u>62,536</u>	<u>108,267</u>
<b>CURRENT LIABILITIES</b>			
Creditors		<u>31,232</u>	<u>14,926</u>
NET CURRENT ASSETS		31,304	93,341
		<u>154,522</u>	<u>179,462</u>
Financed by:			
GENERAL FUND		<u>154,522</u>	<u>179,462</u>
SIGNED:			
A.R.H. ABASS			
CHAIRMAN			
E.G. KARANJA			
CHIEF EXECUTIVE			

## SISAL BOARD OF KENYA

### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1986

	NOTES	1985/86 K£	1984 K£
<b>INCOME</b>			
Cess on Production	1 & 5	97,342	50,524
Sundry Credit		2,944	1,316
Fixed Deposit interest receivable		10,250	12,031
Rent receivable		<u>87,953</u>	<u>55,119</u>
		<u>198,489</u>	<u>118,990</u>
<b>EXPENDITURE</b>			
Storage and Inspectorate expenses	6	58,992	22,546
Administration and general expenses	7	160,951	83,754
Conference expenses		<u>3,486</u>	<u>3,075</u>
		<u>223,429</u>	<u>109,375</u>
TRANSFERRED TO GENERAL FUND		(24,940)	9,615



# SISAL BOARD OF KENYA

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1986

### 1. ACCOUNTING POLICIES

#### (a) BASIS OF ACCOUNTING

The Board prepares the accounts on the historical basis of accounting

#### (b) DEPRECIATION

Depreciation is calculated to write-off the cost of the assets on the reducing balance method at the following rates:

Godowns	3 %
Godown equipment	10 %
Inspectorate plant & equipment	10 %
Motor Vehicles	25 %
Office, furniture & fittings	10%

#### (c) CESS INCOME

Cess Income is calculated on sisal production. Cess is calculated at the rate of Kshs. 30 per ton.

#### (d) STOCKS

Stocks are shown at cost.

# SISAL BOARD OF KENYA

## 2. FIXED ASSETS SCHEDULE

	Godowns,	Godown Furniture & fittings	Motor Vehicle	Head-office Furniture & fittings	A.S.K. Stand	Total
COST	K£	K£	K£	K£	K£	K£
At 31/12/84	155,151	16,931	6,500	4,880	3,820	187,282
Work in progress	20,993					20,993
Additions	-	46	15,740	7,820	3,525	27,131
30/6/86	<u>176,144</u>	<u>16,977</u>	<u>22,240</u>	<u>12,700</u>	<u>7,345</u>	<u>235,406</u>
DEPRECIATION						
31/12/84	77,408	13,576	6,012	2,761	1,404	101,161
Charge for year	<u>3,463</u>	<u>523</u>	<u>5,578</u>	<u>1,352</u>	<u>111</u>	<u>11,027</u>
At 30/6/86	<u>80,871</u>	<u>14,099</u>	<u>11,590</u>	<u>4,113</u>	<u>1,515</u>	<u>112,188</u>
NET BOOK VALUE						
At 30/6/86	<u>95,273</u>	<u>2,878</u>	<u>10,650</u>	<u>8,587</u>	<u>5,830</u>	<u>123,218</u>
At 31/12/84	<u>77,743</u>	<u>3,355</u>	<u>488</u>	<u>2,119</u>	<u>2,416</u>	<u>86,121</u>

## 3. DEBTORS

Included in debtors is Car loan to the Deputy Chief Executive bearing an interest of 8%

4. GENERAL FUND	1985/1986 K£	1984 K£
At 30th June/December	179,462	165,943
Adjustments		3,904
Transfer Income & Expenditure A/C	(24,940)	9,615
	<u>154,522</u>	<u>179,462</u>

## SISAL BOARD OF KENYA

### 5. CESS ON PRODUCTION

	1985/86 K£	1984 K£
35,451 tonnes at Shs. 15 per ton	-	26,588
23,935 tonnes at Shs. 30 per ton	-	23,936
64,895 tonnes at Shs. 30 per ton	<u>97,342</u>	<u>—</u>
	<u>97,342</u>	<u>50,524</u>

# SISAL BOARD OF KENYA

## STORAGE AND INSPECTORATE EXPENSES

	1985/86 K£	1984 K£
Land rent	1,473	40
Municipal rates	8,208	2,916
Building Maintenance	29,982	4,104
Equipment Maintenance	943	981
Electricity	239	91
Water	49	33
Medical expenses	93	5
Baling materials	5,397	2,200
Baling machine oil	194	185
Bank charges	28	16
Sundry expenses	692	366
Stationery & Postage	567	556
Travelling expenses	1,164	975
Telephone & Telegrams	1,610	589
Transport	70	50
Godown insurance	3,344	5,552
Staff welfare	25	1,036
Exhibitions	817	17

## DEPRECIATION

Godowns	3,463	2,404
Equipment furniture & fittings	262	201
Tools & Equipment	39	20
Baling press	222	170
Stand Premium	111	39
<b>TOTAL STORAGE &amp; INSPECTORATE EXPENSES</b>	<b><u>58,992</u></b>	<b><u>22,546</u></b>

# SISAL BOARD OF KENYA

## ADMINISTRATION AND GENERAL EXPENSES

	1985/86 K£	1984 K£
Salaries and housing	63,858	42,858
N.S.S.F. Contribution	1,798	-
Wages & Uniforms	593	639
Members fees	6,448	49
Travelling expenses	4,004	7,293
Printing & Stationery	4,644	2,414
Water and Security	334	234
Electricity	208	76
Entertainment	2,840	523
Subscription	193	155
Audit fees	750	750
Postage, Telephone & Cables	5,364	2,387
Insurances	7,687	-
Rates	-	289
Bank charges	205	90
General expenses	669	465
Exhibitions	949	262
Advertising	5,680	6,540
R.B.S. Contribution	7,137	-
Depreciation:		
Office furniture & fittings	1,352	235
Legal expenses	130	300
Medical expenses	1,827	866
Accounting services	450	600
Motor vehicle expenses - depreciation	5,578	163
- running	8,210	2,625
Publication	752	472
Furniture & fitting maintenance	200	-
Repairs & renewals	1,185	181
Gratuity retirement benefits	2,419	1,487
Secretarial services	264	138
Employees welfare	2,653	1,137
Transport	1,993	3
Chairman's honoraria & Allowances	6,411	4,378
Mileage claims	18	286
Travelling imprest	2,468	235
Repairs - ASK Stand	907	438
Conference expenses	3,487	3,075
Office rent expenses	9,903	5,195
Donations	300	-
Car loan interest w/o	539	-
	<u>164,437</u>	<u>86,829</u>



**SISAL BOARD OF KENYA**