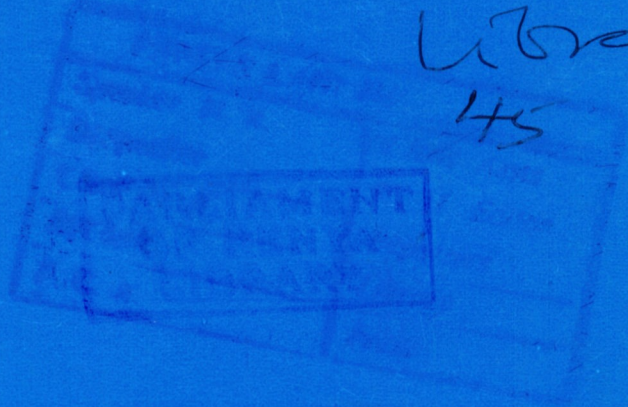


**PYRETHRUM BOARD OF KENYA**



**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**



P.O. Box 420 - 20100 • NAKURU • Kenya • Telephone: (051) 2211567

# **PYRETHRUM BOARD OF KENYA**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003**



**P.O. Box 420 - 20100 • NAKURU • Kenya • Telephone: (051) 2211567**

## PYRETHRUM BOARD OF KENYA

*HEAD OFFICE* } Stanley Mathenge Road  
*FACTORY* } Nakuru Industrial Area  
*LABORATORIES* } P.O. Box 420 - 20100  
NAKURU  
Telephone: 051 - 2211567  
Cables: "PYBOARD"  
Fax: 051 - 2210466 / 2214201  
E-mail: [pbk@pyrethrum.co.ke](mailto:pbk@pyrethrum.co.ke)  
Website: <http://www.kenya-pyrethrum.com>

*BANKERS* Barclays Bank of Kenya Ltd  
Nakuru Branch  
P.O. Box 66  
NAKURU

*AUDITORS* The Controller and Auditor General  
Kenya National Audit Office  
P.O. Box 30084 - 00100  
NAIROBI.

### *OVERSEAS LIAISON OFFICES*

*Europe:* Kenya Pyrethrum Information Centre  
Georgenberg 395  
A-5431 Kuchl  
AUSTRIA  
Telephone: +(43) 6244 30080 - 0  
Fax: +(43) 6244 30079

*North America:* Paul A. Keane & Associates  
2455 East Miraval Primero  
Tucson AZ 85718  
U.S.A.  
Telephone: (520) 615 6043  
Fax: (520) 577 5165  
E-mail: [pkeane2100@aol.com](mailto:pkeane2100@aol.com)





PYRETHRUM BOARD OF KENYA  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2003

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## PYRETHRUM BOARD OF KENYA

### BOARD MEMBERS WHO SERVED DURING THE YEAR ENDED 30 JUNE 2003

JOHN O. MARIARIA	-	<i>Chairman</i>	-	Resigned 18.06.03
HENRY N. M'NAROBI	-	<i>Chairman</i>	-	Appointed 18.06.03
JOSEPH KIMUTAI Arap CHEPKONGA				
SAMUEL KURIA KIHU			-	Appointed 18.06.03
TOM M. KIBISU				
WILLIAM NJOROGE NJUGUNA				
SAMUEL M. M'IKIARA				
JAMES MATUNDURA ARAKA			-	Appointed 18.06.03
ANTHONY LUI MZEE			-	Appointed 18.06.03
LIZA CHELULE			-	Appointed 18.06.03
DAVID RUTO CHEBET			-	Appointed 18.06.03
ZABLON RATEMO			-	Appointed 18.06.03
JOSEPH K. KOMEN			-	Resigned 18.06.03
MESHACK RONO			-	Resigned 18.06.03
JAMES MANGERE ONGERA			-	Resigned 18.06.03
SHADRACK KIMURGO			-	Resigned 18.06.03
NATHANIEL CHEBELYON			-	Resigned 18.06.03
WILSON K. CHEPYEGON			-	Resigned 18.06.03
THE PERMANENT SECRETARY, MINISTRY OF AGRICULTURE				
THE DIRECTOR OF AGRICULTURE				
THE COMMISSIONER FOR CO-OPERATIVE DEVELOPMENT				

### SENIOR MANAGEMENT STAFF AS AT 30 JUNE 2003

ENG. MARTIN O. OWITI	-	Managing Director
KEVIN I. MPAKA	-	Corporate Secretary/Legal Officer
JAMES N. KURIA	-	Chief Entomologist
CLEOPHAS D. OCHIENG	-	Chief Chemist
JAMES A. O. GICHANA	-	Works Manager
ONGIRI OSINDE	-	Chief Accountant
ROBERT M. TIAMPATI	-	Crop Production Manager
DR. JAMES M. WANGAI	-	Marketing Manager
BEN M. WANJALA	-	Crop Research Manager



**PYRETHRUM BOARD OF KENYA**  
**SUMMARY OF REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**

**1. CROP PRODUCTION**

**Pool Year  
2002 / 2003**

10,953 (tonnes)

Crop delivered by growers

**Pool Year  
2001 / 2002**

11,386 (tonnes)

**2. SALES**

	Sales proceeds from	
Kshs. 836,663,779	flowers/powder/extract	Kshs. . 923,205,036
Kshs. <u>23,629,441</u>	Sales proceeds from marc	Kshs. <u>25,442,174</u>
<u>860,293,220</u>	and other by-products	<u>948,647,210</u>

**3. COSTS**

	Total operating costs and	
Kshs. 874,571,027	depreciation	Kshs. 894,355,106
Kshs. <u>14,470,070</u>	Total distribution costs	Kshs. <u>10,209,306</u>
Kshs. <u>889,041,097</u>		Kshs. <u>904,564,412</u>

**4. PYRETHRINS CONTENT**

	Average pyrethrins content	
<u>1.343%</u>	of flowers delivered	<u>1.445%</u>

**5. PAYMENT TO GROWERS**

	Total pool payments due	
Kshs. 1,085,501,810.00		Kshs. 1,328,041,922
Kshs. 7373.00	Per Kilo of pyrethrins	Kshs. 7373.00
Kshs. 110.60	Per Kilo of 1.5% flowers	Kshs. 110.60
Kshs. 95.85	Per Kilo of 1.3% flowers	Kshs. 95.85
Kshs. 73.73	Per Kilo of 1.0% flowers	Kshs. 73.73



# PYRETHRUM BOARD OF KENYA

## REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE PYRETHRUM BOARD OF KENYA FOR THE YEAR ENDED 30 JUNE 2003

I have examined the financial statements of Pyrethrum Board of Kenya for the year ended 30 June 2003 in accordance with the provisions of Section 29 of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations considered necessary for the purpose of the audit. Proper books of account have been kept and the financial statements which have been prepared under the historical cost convention are in agreement therewith and comply with the Pyrethrum Act (Cap 340).

### **1. FIXED ASSETS**

The fixed assets balance of Kshs. 170,062,515 as at 30 June 2003 excludes undetermined value of 12 plots whose title deeds the Board has not acquired. Apart from the fact that the plots have not been valued for inclusion in the financial statements it has not been possible to confirm their ownership by the Board in the absence of title deeds.

### **2. DEBTORS AND PREPAYMENTS**

The debtors balance of Kshs. 315,191,098 as at 30 June 2003 includes an amount of Kshs. 26,058,505 owed by staff, ex-staff and former Board Members. The amount further includes Kshs. 6,905,568 which was not analyzed and could not therefore, be verified. The recoverability of debts owed by ex-staff totalling Kshs. 17,449,704 and former Board members of Kshs. 1,703,233 is doubtful since most of these have been outstanding for over (8) eight years. No provision has been made in these financial statements for non recovery of these debts.

Except for the foregoing reservations, in my opinion, the financial statements when read together with the notes thereon present fairly the financial state of affairs of the Pyrethrum Board of Kenya as at 30 June 2003 and of its loss and cash flows for the year then ended.

E.N. MWAI

**CONTROLLER AND AUDITOR GENERAL**

Nairobi

1 March 2005

PYRETHRUM BOARD OF KENYA  
 GROWERS' ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2003

	Kshs.	2002 Kshs.
SURPLUS ON MARKETING TRANSFERRED FROM PRODUCTION & MARKETING ACCOUNT (page 10)	614,415,974	1,000,211,643
<b><u>ADD</u></b> OTHER INCOME:		
Interest on deposits	<u>0</u>	<u>12,912,214</u>
 GROSS SURPLUS AVAILABLE TO GROWERS FOR THE YEAR	 <u>614,415,974</u>	 <u>1,013,123,857</u>
<b><u>DEDUCT</u></b> PAYMENTS TO GROWERS (PER KG. OF PYRETHRINS)		
- Interim monthly pool payments July 2002 to June 2003 @ Kshs. 7,300	1,074,038,343	1,200,880,222
- Local authorities cess @ Kshs. 73	10,740,554	12,008,802
- Levy	722,913	751,444
- Proposed final pool payment		114,401,454
TOTAL POOL PAYMENTS TO GROWERS	<u>1,085,501,810</u>	<u>1,328,041,922</u>
NET SURPLUS/ (DEFICIT) FOR THE YEAR	(471,085,835)	(314,918,065)
GROWERS' ACCOUNT BALANCE AT 1 JULY	344,125,818	659,043,884
GROWERS' ACCOUNT BALANCE AT 30 JUNE	<u>(126,960,017)</u>	<u>344,125,818</u>



PYRETHRUM BOARD OF KENYA  
 CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2003

	Note	Kshs.	2002 Kshs.
FIXED ASSETS	2	<u>170,062,515</u>	<u>184,943,261</u>
INVESTMENTS	3	<u>40</u>	<u>40</u>
CURRENT ASSETS			
Stock in trade		1,798,518,548	1,155,354,697
Other stocks		131,034,018	133,354,585
Debtors and prepayments		315,191,098	310,077,069
Fixed deposits		0	150,000,000
Treasury Bills		0	0
Cash at bank and in hand		<u>42,199,694</u>	<u>1,738,348</u>
		<u>2,286,943,358</u>	<u>1,750,524,699</u>
CURRENT LIABILITIES			
Creditors and provisions		225,651,612	126,898,537
Creditors - growers		1,284,035,658	492,361,458
Overdraft		434,544,475	333,177,130
Proposed final pool payment	4	<u>0</u>	<u>114,401,454</u>
		<u>1,944,231,745</u>	<u>1,066,838,579</u>
NET CURRENT ASSETS		<u>342,711,613</u>	<u>798,087,574</u>
TOTAL ASSETS		<u><u>512,774,168</u></u>	<u><u>983,030,874</u></u>
<i>FINANCED BY:-</i>			
STOCK UNITS ISSUED	5	29,968,840	29,196,240
LEVY FUND	5	2,059,591	2,109,277
ACCUMULATED CAPITAL FUND	5	133,249,779	133,143,564
GENERAL RESERVE	5	474,455,975	474,455,975
GROWERS' ACCOUNT		(126,960,017)	<u>344,125,818</u>
		<u><u>512,774,168</u></u>	<u><u>983,030,874</u></u>

These accounts were approved at a meeting of the Board held on the 14th November 2003

Signed..... **P.J. Sego (Mrs.)** .....  
 Chief Executive

Signed ..... **H. N. M'Narobi** .....  
 Chairman

PYRETHRUM BOARD OF KENYA  
 CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2003

	Kshs.	2002 Kshs.
<b>Cash flow from operating activities</b>		
Net surplus/ (deficit) for the year	(471,085,835)	(314,918,065)
<i>Adjustments for:</i>		
Depreciation	25,262,271	30,396,007
Levy	<u>722,913</u>	<u>751,444</u>
Operating surplus/(deficit) before working capital changes	<u>(445,100,651)</u>	<u>(283,770,614)</u>
(Increase) in debtors & prepayments	(5,114,029)	(15,037,717)
(Increase) in stock	(640,843,284)	(933,731,436)
(Decrease)/increase in creditors	776,025,821	280,306,412
Decrease in deposits	150,000,000	616,154,500
Decrease in Treasury Bills	<u>0</u>	<u>29,508,105</u>
	<u>280,068,507</u>	<u>(22,800,136)</u>
Cash generated from operations	<u>(165,032,144)</u>	<u>(306,570,750)</u>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(10,555,797)	(25,618,671)
Proceeds from sale of fixed assets	<u>0</u>	<u>6,748,450</u>
	<u>(10,555,797)</u>	<u>(18,870,221)</u>
Net (decrease) in cash	(175,587,941)	(325,440,971)
Opening cash balance	<u>(331,439,161)</u>	<u>(5,998,190)</u>
Closing cash Balance	<u>(392,344,781)</u>	<u>(331,439,161)</u>

# PYRETHRUM BOARD OF KENYA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 1. ACCOUNTING POLICIES

#### (a) **Accounting convention**

The accounts are prepared under the historical cost convention

#### (b) **Depreciation**

Depreciation has been charged on the cost of the fixed assets at the following rates:-

Buildings	2% p a
Plant, machinery, equipment & furniture	12.5% p a.
Motor vehicles	25% p.a.

The rates are designed to write off such cost over the estimated useful life of the assets concerned

#### (c) **Stock**

Stock has been valued at the lower of cost and net realisable value. Stocks of powder and extract have been valued on the basis of prime cost based on the interim price paid for pyrethrins. Stores have been valued at the lower of cost and net realisable value, and work-in-progress at the cost of raw materials plus labour and overheads directly attributable to their manufacture.

#### (d) **Turnover**

Turnover is the amount derived from the sale of pyrethrum products after deduction of trade discounts and commissions payable to overseas agents, and after adjustments for profits or losses on translation of foreign currencies

#### (e) **Foreign currency translation**

Assets and liabilities denominated in foreign currencies are translated into Kenya Shillings at the mid-rate of exchange ruling on the balance sheet date. Exchange differences derived from the fluctuation of foreign currency denominated sales debtors or commissions creditors between the rate applied at the invoice date and the rate ruling at the date of settlement or year-end, as applicable, are included as part of the turnover of the Board.

PYRETHRUM BOARD OF KENYA

NOTES TO THE FINANCIAL STATEMENTS - CONTD.  
FOR THE YEAR ENDED 30 JUNE 2003

2. (a) FIXED ASSETS

	Land and Buildings Kshs.	Plant Machinery Equipment & Furniture Kshs.	Motor Vehicles Kshs.	Capital Work- -in-Progress Kshs.	Total Kshs.
COST					
At 30 June 2002	116,698,230	242,628,928	112,152,463	3,803,899	475,283,520
Additions		369,437		10,014,135	10,383,572
Transfers					0
Disposals	(73,733)	(27,661,956)			(27,735,689)
At 30 June 2003	<u>116,624,497</u>	<u>215,336,409</u>	<u>112,152,463</u>	<u>13,818,034</u>	<u>457,931,403</u>
DEPRECIATION					
At 30 June 2002	27,160,898	164,524,798	98,654,563		290,340,259
Year's charge	2,244,848	17,073,285	5,944,138		25,262,271
On disposal	(71,686)	(27,661,956)			(27,733,642)
At 30 June 2003	<u>29,334,060</u>	<u>153,936,127</u>	<u>104,598,701</u>		<u>287,868,888</u>
NET BOOK VALUE					
At 30 June 2003	<u>87,290,437</u>	<u>61,400,282</u>	<u>7,553,762</u>	<u>13,818,034</u>	<u>170,062,515</u>
At 30 June 2002	<u>89,537,332</u>	<u>78,104,130</u>	<u>13,497,900</u>	<u>3,803,899</u>	<u>184,943,261</u>

(b) CAPITAL WORK - IN - PROGRESS

	2003 Kshs.	2002 Kshs.
Factory - Pri. Process	9,936,831	
Godown	400,000	400,000
Factory	2,677,304	2,600,000
Entomology block	561,359	561,359
Prefabricated houses	<u>242,540</u>	<u>242,540</u>
	<u>13,818,034</u>	<u>3,803,899</u>

# PYRETHRUM BOARD OF KENYA

## NOTES TO THE FINANCIAL STATEMENTS - CONTD. FOR THE YEAR ENDED 30 JUNE 2003

		2002
	Kshs.	Kshs.
3. <b>INVESTMENTS</b>		
5087 Shares in KFA Ltd.	20	20
170 Shares in KCC Ltd.	<u>20</u>	<u>20</u>
	<u>40</u>	<u>40</u>

The value of the shares was written off because both organisations are under receivership and have been advertised for sale.

		2002
	Kshs.	Kshs.
4. <b>FINAL POOL PAYMENT</b>		
Proposed final pool payment	0	115,152,898
Less: Levy	<u>0</u>	<u>(751,444)</u>
	<u>0</u>	<u>114,401,454</u>

### 5. (a) **FINANCE EMPLOYED**

	PBK	Levy	Accumulated	General
	Stock	Fund	Capital Fund	Reserve
	Kshs.	Kshs.	Kshs.	Kshs.
Balance at 1 July 2002	29,196,240	2,109,277	133,143,564	474,455,975
Stock units issued	766,200	(722,600)		
Adjustments	6,400		(6,400)	
	<u>29,968,840</u>	<u>1,336,677</u>	<u>133,137,164</u>	<u>474,455,975</u>
Profits on sale of fixed assets			112,615	
Levy contributions for the year		<u>722,913</u>		
	<u>29,968,840</u>	<u>2,059,590</u>	<u>133,249,779</u>	<u>474,455,975</u>

### (b) **REDEMPTION OF P.B.K. STOCK**

It is intended that the stock held by non-growers should be redeemed and the holders accordingly refunded their contributions totalling Kshs. 8,187,100.

### 6. **SUBSIDIARY COMPANY**

The Board's wholly owned subsidiary company, The Pyrethrum Processing Company of Kenya Limited, does not trade. These accounts consolidate the assets and reserves of the subsidiary.

### 7. **CONTINGENT LIABILITY**

There is a contingent liability of Kshs. 526,116 relating to a dispute in court over fees charged for structural and civil engineering services rendered in respect of the rehabilitation of the Board's Dawsonville stores.



PYRETHRUM BOARD OF KENYA  
 PRODUCTION & MARKETING ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2003

	Kshs.	2002 Kshs.
TURNOVER	<u>860,293,220</u>	<u>948,647,210</u>
EXPENSES		
Processing and refining	(286,973,733)	(322,944,525)
Administration	(121,574,590)	(123,006,621)
Restructuring	(5,044,203)	(180,641,510)
Doubtful Fixed Deposit	(150,000,000)	0
Crop Production	(74,301,861)	(151,445,412)
Scientific Services	(121,629,214)	(52,927,963)
Marketing and Sales	(56,321,451)	(48,773,033)
Distribution	(14,470,070)	(10,209,305)
Overdraft interest	<u>(58,725,975)</u>	<u>(14,616,043)</u>
TOTAL EXPENSES	<u>(889,041,097)</u>	<u>(904,564,412)</u>
INCREASE/(DECREASE) IN TRADE STOCK	<u>643,163,851</u>	<u>956,128,844</u>
SURPLUS ON MARKETING TRANSFERRED TO GROWERS' ACCOUNT (page 4)	<u><u>614,415,974</u></u>	<u><u>1,000,211,643</u></u>

# PYRETHRUM BOARD OF KENYA

## DRY PYRETHRUM FLOWER DELIVERIES

FINANCIAL YEAR		TONNES
	1935	327
	1936	1,095
	1937	1,005
	1938	1,894
	1939	2,915
	1940	5,954
	1941	5,856
	1942	5,557
	1943	4,173
	1944	6,652
	1945	7,528
	1946	6,848
	1947	3,970
	1948	1,582
	1949	1,541
	1950	2,211
	1951	2,266
	1952	2,781
	1953	2,356
	1954	2,591
January/March	1955	936
April 1955/March	1956	3,477
April 1956/March	1957	3,933
April 1957/March	1958	4,596
April 1958/March	1959	4,140
April 1959/June	1959	772
July 1959/June	1960	6,604
July 1960/June	1961	9,312
July 1961/June	1962	10,931
July 1962/June	1963	8,511
July 1963/June	1964	5,296
July 1964/June	1965	4,511
July 1965/September	1965	1,745
October 1965/September	1966	7,876
October 1966/September	1967	10,698
October 1967/September	1968	11,237
October 1968/September	1969	7,423
October 1969/September	1970	6,005
October 1970/September	1971	9,748
October 1971/September	1972	14,414
October 1972/September	1973	10,698
October 1973/September	1974	13,722
October 1974/September	1975	15,035

} 15 months period  
3,527

} 15 months period  
4,912

} 15 months period  
6,256



# PYRETHRUM BOARD OF KENYA

## DRY PYRETHRUM FLOWER DELIVERIES *(continued)*

FINANCIAL YEAR	TONNES
October 1975/September 1976	14,267
October 1976/September 1977	11,429
October 1977/September 1978	8,441
October 1978/September 1979	7,950
October 1979/September 1980	10,424
October 1980/September 1981	15,704
October 1981/September 1982	18,720
October 1982/September 1983	8,974
October 1983/September 1984	3,156
October 1984/September 1985	3,101
October 1985/June 1986	3,117
July 1986/June 1987	6,407
July 1987/June 1988	6,689
July 1988/June 1989	7,538
July 1989/June 1990	8,988
July 1990/June 1991	9,943
July 1991/June 1992	12,452
July 1992/June 1993	17,711
July 1993/June 1994	11,979
July 1994/June 1995	10,551
July 1995/June 1996	7,490
July 1996/June 1997	6,220
July 1997/June 1998	7,161
July 1998/June 1999	3,995
July 1999/June 2000	4,724
July 2000/June 2001	7,964
July 2001/June 2002	11,386
July 2002/June 2003	10,953

} 21 months period  
6,218



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