

NATIONAL CEREALS AND PRODUCE BOARD



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BALANCE SHEET AND ACCOUNTS
WITH THE REPORT OF THE
AUDITOR-GENERAL (CORPORATIONS)
FOR THE YEAR ENDED
30TH JUNE 2000


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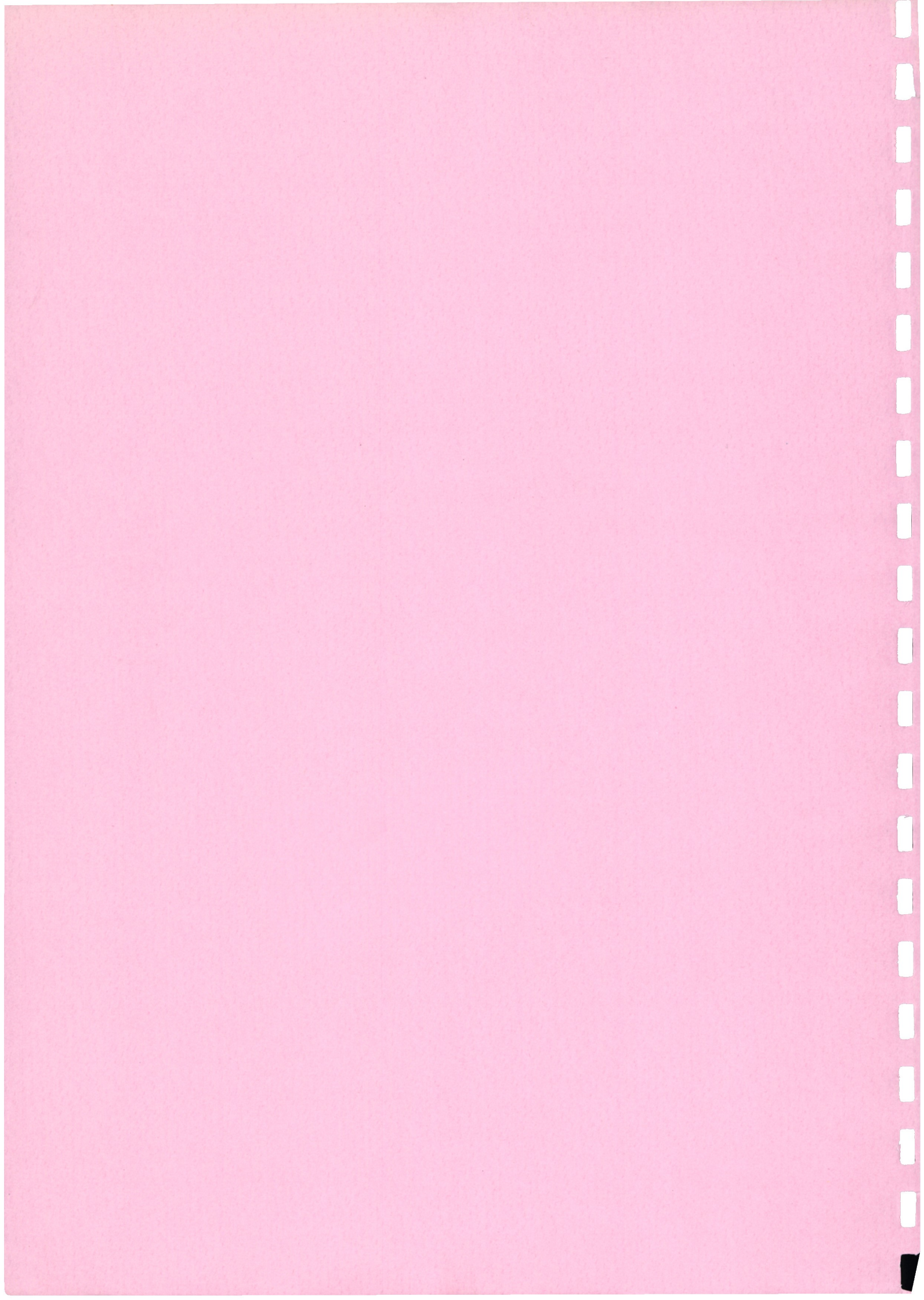


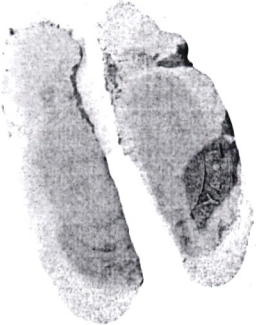
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WITH THE REPORT OF THE
AUDITOR-GENERAL (CORPORATIONS)
FOR THE YEAR ENDED
30TH JUNE 2000

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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF NATIONAL CEREALS AND PRODUCE
BOARD FOR THE YEAR ENDED 30 JUNE, 2000

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL CEREALS AND PRODUCE BOARD FOR THE YEAR ENDED 30 JUNE, 2000

I have examined the financial statements of National Cereals and Produce Board for the year ended 30 June, 2000 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 provisions of the National Cereals and Produce Board Act (Cap 338).

Except for the reservations set out below, in my opinion the financial statements when read together with the notes thereon present a true and fair view of the Board's financial state of affairs as at 30 June, 2000 and of its deficit and cash flow for the year then ended.

1. OPERATING RESULTS

During the year ended 30 June 2000, the Board realized a deficit of Kshs.383,156,625 which together with a prior year's adjustment of Kshs.124,722,310 reduced its accumulated surplus from Kshs.794,812,937 in 1999 to Kshs.536,378,622 as at 30 June, 2000. The Creditors which the Board was unable to settle totalled Kshs.351,623,590. As was the case in the previous year, the Board's poor performance is still attributable to, among other factors, its inability to sustain itself in a grain liberalized market and also staff costs which after the retrenchment, was undertaken still increased from Kshs.273,809,269 in the previous year to Kshs.297,709,151 as at 30 June 2000. The Board also continued to rely heavily on loan and overdraft facilities which during the year under review cost Kshs.88,187,864 in interest and other charges.

2.0 FIXED ASSETS

2.1 Donor Funded Facilities

The fixed assets figure of Kshs.6,239,942,930 as at 30 June, 2000 includes donor funded facilities whose ownership has not been determined. Although the Public Investment Committee in its tenth report recommended that the Board should liaise with the Parent Ministry and the Treasury with a view of ensuring that the assets are transferred to the Board, no evidence was seen to confirm that the transfer process had been concluded by 30 June, 2000.

Available information however, indicates that out of the 55 donor funded facilities which are located at various depots and silos, 21 are expected to be transferred to the Office of the President whereupon the Government will refund Kshs.144,147,987 to the Board being the cost contribution at the initial stages of construction of the facilities. 18 facilities will be privatised by the Government and a further cost contribution of Kshs.93,989,696 will be

refunded to the Board by the Government out of the sale proceeds of the facilities. Apart from the fact that the Public Investment Committee recommendation has not been implemented no justification has been provided for the intended sale of the facilities given that the Board still requires storage facilities for food throughout the country.

It was not possible therefore, to confirm that the Board's fixed assets figure of Kshs.6,239,942,930 is fairly stated as at 30 June 2000.

2.2 Assets Without Title Documents

The Fixed Assets figure of Kshs.6,239,942,930 as at 30 June, 2000 includes 52 plots valued at Kshs.44,607,764 for which the Board has not obtained title deeds. In the absence of the title documents, it was not possible to confirm the ownership and completeness of the Board's fixed assets.

3.0 DEBTORS AND PREPAYMENTS

3.1 Trade Debtors

The Board has not been able to recover debtors amounting to Kshs.663,832,083 as at 30 June, 2000. Out of this figure debtors totalling Kshs.562,702,833 were noted to have remained outstanding for more than eight (8) years and their recoverability is therefore doubtful due to lapse of time. Further, debts totalling Kshs.369,162,962 have been disputed by two institutions. In view of the above, it is not possible to confirm the recoverability of the debtors balance of Kshs.663,832,083 as well as the adequacy of the provision for bad and doubtful debts of Kshs.455,807,833 made in the Boards accounts for the year ending 30 June, 2000.

3.2 Staff Debtors

The staff debtors figure of Kshs.53,043,358 was arrived at after the Board wrote off staff debts totalling Kshs.82,658,916. The debts written off includes a sum of Kshs.80,994,181 which arose as a result of funds or goods misappropriated by staff of the Board at various depots. Evidence was, however, not produced to show the efforts that the Board made to recover these debts from either the staff salaries or terminal dues of those who left the service before the write off option was adopted.

4.0 CREDITORS AND PROVISIONS

4.1 Trade Creditors

The trade creditors figure of Kshs.91,900,179 excludes a claim on the Board totalling Kshs.11,874,149 by the National Irrigation Board which the Board has disputed. The Board on the other hand made a counter claim of Kshs.8,795,181 from the National Irrigation Board. Until and unless these disputes are resolved, it is not possible to confirm the propriety of the creditors figure of Kshs.91,900,179 as at 30 June, 2000.

4.2 Sundry Creditors

The sundry creditors balance of Kshs.259,723,411 excludes stale cheques totalling Kshs.16,180,197 after writing back stale cheques totalling Kshs.37,324,865 and netting off unexplained debit balances totalling Kshs.197,733,506. In the absence of proper analyses of debits and credits affecting the sundry creditors it is not possible to confirm the accuracy of the sundry creditors figure of Kshs.259,723,411 as at 30 June, 2000.



D. G. NJOROGE
CONTROLLER AND AUDITOR GENERAL

Nairobi
2 April 2004

NATIONAL CEREALS AND PRODUCE BOARD
BALANCE SHEET AND ACCOUNTS
30TH JUNE 2000

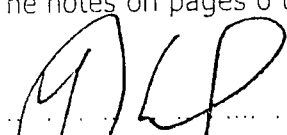
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NATIONAL CEREALS AND PRODUCE BOARD

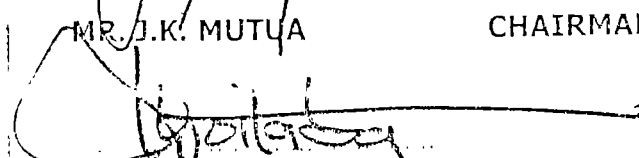
BALANCE SHEET AS AT 30TH JUNE 2000

| | | <u>30TH JUNE 2000</u> | <u>30TH JUNE 1999</u> |
|--|------|-----------------------|-----------------------|
| | Note | Kshs. | Kshs. |
| FIXED ASSETS | 3 | 6,239,942,930 | 6,625,657,731 |
| INVESTMENTS AND LOANS | 4 | <u>26,541,194</u> | <u>25,393,908</u> |
| | | <u>6,266,484,124</u> | <u>6,651,051,639</u> |
| CURRENT ASSETS | | | |
| Operating stocks | 5 | 1,183,055,375 | 689,668,531 |
| Debtors and Prepayments | 6 | 312,046,325 | 411,742,744 |
| Government Debtors - Old Debts | 7 | 1,799,112,093 | 2,169,112,093 |
| Government Debtors - New Agency A/C | 8 | 443,056,788 | 172,878,552 |
| Cash at bank and in hand | 9 | <u>212,051,422</u> | <u>593,191,760</u> |
| | | <u>3,949,322,003</u> | <u>4,036,593,680</u> |
| CURRENT LIABILITIES | | | |
| Bank Overdraft | 10 | 729 | 145,512 |
| Creditors and provisions | 11 | 351,623,590 | 571,862,805 |
| GOK Advance payment on Italian Food Aid | 12 | 6,979,121 | 0 |
| Creditors - Due to GOK on Market Intervention Programme | 13 | 174,063,028 | 174,063,028 |
| Government Agency Account (Old A/C) | 14 | 143,195,039 | 143,195,039 |
| Taxation | 15 | <u>0</u> | <u>0</u> |
| | | <u>675,861,507</u> | <u>889,266,384</u> |
| NET CURRENT ASSETS | | <u>3,273,460,496</u> | <u>3,147,327,296</u> |
| | | <u>9,539,944,620</u> | <u>9,798,378,935</u> |
| CAPITAL FUND | 16 | 6,304,142,172 | 6,304,142,172 |
| REVALUATION RESERVE | 17 | 2,699,423,826 | 2,699,423,826 |
| REVENUE RESERVES | 18 | <u>536,378,622</u> | <u>794,812,937</u> |
| | | <u>9,539,944,620</u> | <u>9,798,378,935</u> |

The notes on pages 6 to 25 form an integral part of these accounts.


MR. J.K. MUTUA

CHAIRMAN


MAJ (RTD) W.K. KOITABA

MANAGING DIRECTOR

NATIONAL CEREALS AND PRODUCE BOARD

PROFIT AND LOSS ACCOUNT

| | Note | <u>30TH JUNE 2000</u> | <u>30TH JUNE 1999</u> |
|--|------|-----------------------|-----------------------|
| | | KShs | KShs |
| GROSS SALES | 20 | 2,423,548,147 | 1,731,860,323 |
| COST OF SALES | 20 | <u>2,096,337,855</u> | <u>1,550,349,390</u> |
| GROSS MARGIN GAIN | | 327,210,292 | 181,510,933 |
| GROSS MARGIN GAIN AS A PERCENTAGE OF SALES | | 0 | 0 |
| <u>ADD:</u> | | | |
| Other Income | 21 | <u>469,936,525</u> | <u>385,072,506</u> |
| | | 797,146,817 | 566,583,439 |
| <u>LESS EXPENDITURE:</u> | | | |
| Railage and Road transport costs | 22 | 101,391,534 | 99,973,206 |
| Operating and administration expenses | 22 | <u>614,278,087</u> | <u>589,190,547</u> |
| | | <u>715,669,621</u> | <u>689,163,753</u> |
| PROFIT/(LOSS) BEFORE DEPRECIATION, BAD DEBTS AND EXTRA ORDINARY ITEMS | | 81,477,196 | (122,580,314) |
| <u>Deduct:</u> | | | |
| Depreciation expense | | 417,965,623 | 415,898,614 |
| Bad and doubtful debts | | <u>35,939,598</u> | <u>5,000,000</u> |
| | | <u>453,905,221</u> | <u>420,898,614</u> |
| PROFIT/(LOSS) BEFORE EXTRA ORDINARY ITEMS | | (372,428,025) | (543,478,928) |
| <u>Extra-Ordinary Items:</u> | | | |
| Early retirement staff costs | | <u>10,728,600</u> | <u>62,269,855</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | (383,156,625) | (605,748,783) |
| Taxation for the year | | - | - |
| NET PROFIT/(LOSS) FOR THE YEAR TRANSFERRED TO REVENUE RESERVES | | <u>(383,156,625)</u> | <u>(605,748,783)</u> |

NATIONAL CEREALS AND PRODUCE BOARD**STATEMENT OF REVENUE RESERVES
AS AT 30 JUNE 2000**

| | <u>30TH JUNE 2000</u> | <u>30TH JUNE 1999</u> |
|------------------------------|-----------------------|-----------------------|
| | Kshs. | Kshs. |
| Balance as at | | |
| 1st July 1999 | 794,812,937 | 859,157,950 |
| Prior year adjustments | 124,722,310 | 541,403,770 |
| Net Loss for the year | <u>(383,156,625)</u> | <u>(605,748,783)</u> |
| Balance as at 30th June 2000 | <u>536,378,622</u> | <u>794,812,937</u> |

NATIONAL CEREALS AND PRODUCE BOARD

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2000**

| | <u>30TH JUNE 2000</u> | <u>30TH JUNE 1999</u> |
|--|-----------------------|-----------------------|
| | <u>Kshs.</u> | <u>Kshs.</u> |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Loss before extraordinary items | (372,428,025) | (543,478,928) |
| Adjustments for: | | |
| Depreciation | 417,965,623 | 415,898,614 |
| Gain on disposal of equipment | (786,341) | (2,010,028) |
| Provision for stock shrinkage | 53,833,244 | 9,089,233 |
| Provision for doubtful debts | <u>35,939,599</u> | <u>5,000,000</u> |
| Operating Profit before working capital changes | 134,524,100 | (115,501,109) |
| (Increase)/decrease in debtors | 163,578,579 | 3,234,108,994 |
| (Increase)/decrease in stocks | (547,220,088) | 1,152,401,322 |
| Increase/(decrease) in creditors | (213,260,090) | (3,499,536,556) |
| Increase/(decrease) in bank loan | <u>0</u> | <u>(400,000,000)</u> |
| Cash generated from operations | (462,377,498) | 371,472,651 |
| Extraordinary items: | | |
| Early retirement payments | (10,728,600) | (62,269,855) |
| Prior year adjustments | <u>124,722,310</u> | <u>541,403,770</u> |
| Net cash from operating activities | <u>(348,383,788)</u> | <u>850,606,566</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Additions to Fixed Assets | (32,250,822) | (515,975) |
| Proceeds from Sale of equipment | 786,341 | 2,010,028 |
| Reduction to Investments and loans | <u>(1,147,286)</u> | <u>5,948,973</u> |
| Net cash flow from investing activities | <u>(32,611,767)</u> | <u>7,443,026</u> |
| Net increase/(decrease) in cash and cash equivalent | (380,995,555) | 858,049,592 |
| Cash and cash equivalent at the beginning of the year: | | |
| CPRF Account | 0 | 80,458 |
| NCPB other Accounts | 593,191,760 | 20,726,056 |
| Bank Overdraft | <u>(145,512)</u> | <u>(285,809,858)</u> |
| Cash and Cash equivalent at end of year | <u>212,050,693</u> | <u>593,046,248</u> |
| <u>ANALYSIS OF CASH HELD</u> | | |
| <u>END OF YEAR</u> | | |
| NCPB other Accounts | 212,051,422 | 593,191,760 |
| Bank Overdraft | <u>(729)</u> | <u>(145,512)</u> |
| | <u>212,050,693</u> | <u>593,046,248</u> |

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000

(These Notes form an integral part of the Accounts)

1. **ACCOUNTING POLICIES**

(a) **Accounting Basis**

The accounts of the Board are prepared under the historical cost convention as modified by revaluation of certain fixed assets.

(b) **Income Recognition**

- i) Income is recognized on actual basis as a general policy, except where there is doubt on its collection.
- ii) Income in respect of credit sales is recognized at the date of collection whereas income for cash sales is recognized when cash is received and commodities sold are collected or set aside for collection by the buyer.
- iii) For income from services rendered and facilities provided, revenue is recognized at the time of rendering and providing such services and facilities.

(c) **Depreciation**

Depreciation charge on fixed assets is provided on a straight line basis and is calculated on cost or valuation at the following rates which are consistent with prior years:

| | | |
|---|---|-------|
| Land | - | Nil |
| Buildings, Borehole Fences and Roads | - | 2.5% |
| Silos | - | 6% |
| Plant, machinery and computer equipment | - | 12.5% |
| Fumigation equipment | - | 20% |
| Motor vehicles and drying Equipment | - | 25% |
| Furniture and equipment | - | 12.5% |

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000
(Continued)

1. **ACCOUNTING POLICIES (Cont'd)**

(d) **Valuation of Closing Stocks**

- i) Closing Stocks have been valued on the basis of first-in first-out (FIFO) principle, applying the lower of cost and net realizable value, and provision for stock shrinkage computed at a rate of 2.2% of the year's purchases.
- ii) Closing Stock quantities have been stated in terms of standard weights in bags unless otherwise disclosed.

(e) **Stocks of Consumable Stores and Supplies**

As from 1st July, 1997 there was a change in accounting procedure for consumable stores and supplies which are centrally purchased. The items are initially coded to respective control accounts for these stocks at the time of procurement and the cost expensed/charged at the time of despatch to the respective budget centres. This new accounting policy ensures that budget centres are only held responsible for the expenditure directly related to what they have requisitioned and consumed. The balance of stocks held at Head Office (Supplies Section) at year end are included as part of closing stocks and valued on the basis of First in First Out (FIFO).

(f) **Investment(Equity in Subsidiary)**

Equity investment in Kenya Peanuts Limited has been stated at cost. No account of the operating results of this concern has been included in these accounts.

(g) **Funds from Government**

Funds from the Government of Kenya have been, where applicable, incorporated on accrual basis to recognize its related income in the same fiscal year funds were to be provided for by the GOK.

(h) **Provision for Bad and Doubtful Debts**

Provision for bad and doubtful debts has been made on the basis of specific debts and consists of specific provision on 100 % basis for some debtors with a general provision of 7.5% on all other outstanding trade debts at the balance sheet date.

2. **GOING CONCERN CONCEPT**

The accounts have been prepared on going concern basis.

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 2000

(continued)

3. FIXED ASSETS

| | Land | Fencing Driveways & Civil works | Buildings and Grain Silos | Motor Vehicles | Furniture, fittings & Equipment | Construction in Progress | Total |
|--------------------------|--------------------|---------------------------------------|------------------------------|-------------------|---------------------------------------|-----------------------------|----------------------|
| | KShs | KShs | KShs | KShs | KShs | KShs | KShs |
| Cost or | | | | | | | |
| Valuation | | | | | | | |
| At 30th | | | | | | | |
| June 1999 | 411,361,303 | 325,871,931 | 5,504,697,479 | 34,340,631 | 1,562,685,698 | 9,782,123 | 7,848,739,165 |
| Additions | 2,711,706 | 0 | 335,870 | 3,297,028 | 21,036,364 | 7,032,382 | 34,413,350 |
| Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 228,800 | 997,560 | 0 | 0 | (1,226,360) | 0 |
| Disposals | 0 | 0 | 0 | (1,580,000) | (3,202,000) | 0 | (4,782,000) |
| At 30th | | | | | | | |
| June 2000 | <u>414,073,009</u> | <u>326,100,731</u> | <u>5,506,030,909</u> | <u>36,057,659</u> | <u>1,580,520,062</u> | <u>15,588,145</u> | <u>7,878,370,515</u> |
| Depreciation: | | | | | | | |
| At 30th | | | | | | | |
| June 1999 | 0 | 21,238,215 | 585,703,092 | 24,502,513 | 591,637,615 | 0 | 1,223,081,435 |
| Charge for the period | 0 | 8,146,792 | 202,052,280 | 8,891,609 | 198,874,942 | 0 | 417,965,623 |
| On disposals | 0 | 0 | 0 | (1,299,167) | (1,348,854) | 0 | (2,648,021) |
| Adjustment | 0 | 4,790 | 23,758 | 0 | 0 | 0 | 28,548 |
| At 30th | | | | | | | |
| June 2000 | 0 | <u>29,389,797</u> | <u>787,779,130</u> | <u>32,094,955</u> | <u>789,163,703</u> | 0 | <u>1,638,427,585</u> |
| Net Book | | | | | | | |
| Value: | | | | | | | |
| At 30th | | | | | | | |
| June 2000 | <u>414,073,009</u> | <u>296,710,935</u> | <u>4,718,251,778</u> | <u>3,962,704</u> | <u>791,356,359</u> | <u>15,588,145</u> | <u>6,239,942,930</u> |
| At 30th | | | | | | | |
| June 1999 | <u>411,361,303</u> | <u>304,633,717</u> | <u>4,918,994,387</u> | <u>9,838,118</u> | <u>971,048,083</u> | <u>9,782,123</u> | <u>6,625,657,731</u> |

**NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000**

(Continued)

4. INVESTMENTS AND LOANS

| | <u>30.06.2000</u> | <u>30.06.1999</u> |
|--|---------------------------|---------------------------|
| | <u>Kshs.</u> | <u>Kshs.</u> |
| (a) Investments | | |
| (i) Kenya Peanuts Company Ltd: 55,167 Ordinary shares of KShs. 100/= each at Acquisition cost | 2,168,740 | 2,168,740 |
| (ii) Kenya Cashews Limited: 400 Ordinary shares of KShs. 5/= each | 2,000 | 2,000 |
| Sub total | <u>2,170,740</u> | <u>2,170,740</u> |
| (b) Loans | | |
| (i) Milling Corporation of Kenya | 15,177,973 | 14,030,687 |
| (ii) Kenya Cashewnuts Limited: | 107,489,103 | 94,794,903 |
| (iii) Kenya Cashews Limited | 231,080 | 231,080 |
| Sub total | <u>122,898,156</u> | <u>109,056,670</u> |
| Total (a+b) | <u>125,068,896</u> | <u>111,227,410</u> |
| Less: Provisions for possible Losses on loan and equity Investments in Kenya Cashewnuts limited, Kenya Cashews Limited and Kenya Peanuts Company Limited | (98,527,702) | (85,833,502) |
| Net Investments and loans as at 30th June 2000 | <u>26,541,194</u> | <u>25,393,908</u> |

(a) Kenya Cashewnuts Limited

Loans

The loan amount relates to a trade debt and a loan advance to Kenya Cashewnuts Ltd before it was disposed of under Government divestiture and privatization programme of non-strategic public enterprises. As part of the Sale Agreement the trade debt, which was initially KShs.46.6 Million, was converted into an interest free Loan except for any defaulted amount that would attract interest at commercial rates. This Loan was to be redeemed within a period of 5 years commencing from 1st March 1995. So far the first installment of KShs.9,320,000 has been fully repaid. Similarly the KShs.10 Million Loan advance was converted into a loan. The Loan was to be redeemed within seven years at an interest rate of 18% p.a. commencing from 1st June 1994. The increase in the amount outstanding from KShs. 94,794,903.00 in 1998/99 FY to KShs. 107,489,103.00 in 1999/2000 FY is attributed to the penalties and additional interest arising from default in repayment of the loans and interest accrued as stipulated in the Sale Agreement. A provision of Kshs. 94,627,407.00 has been made for any possible loss on the two loans.

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000
(Continued)

4. **INVESTMENTS AND LOANS (Cont'd)**

(b) Kenya Cashews Limited

As reported in the previous Financial Years, Kenya Cashews Limited (currently dormant), is a wholly owned subsidiary of the Board. It was originally intended that the Company would construct a new cashewnut processing factory in Kwale District. However, with limited availability of raw-nuts coupled with effects of Government policy on market liberalization, the proposed business venture is no longer viable. The outstanding loan represents expenditure made by the Board on behalf of the Company in past years, and there are no prospects of recovery of this investment. Consequently, 100% provision for bad and doubtful debts has been made owing to the uncertainty of recovering the loan and plans are under way to write it off.

(c) Milling Corporation of Kenya Limited

Loans

As part of the Sale Agreement, the trade debt of Kshs 35.90 Million as at 11th April 1994 was converted into an Interest Free Secured Loan, payable over a period of 5 years commencing from 1st January, 1996. At the balance sheet date seven instalments totaling to Kshs.24,287,857.00 had been received and the outstanding balance inclusive of accrued interest charges as provided by the sale agreement was standing at KShs15,177,973.00.

A provision for bad and doubtful debts, amounting to kshs. 1,498,475, has been made on the trade debt as a prudent measure.

(d) Kenya Peanuts Company Limited

The Board owns 46% of the issued share capital of the company. In view of the prevailing uncertainty over the future viability of peanuts industry coupled with effects of market liberalization, a 100 % provision under bad and doubtful debts, amounting to kshs. 2,168,740, has been made against the Board's investment in the company.

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000
(Continued)

5. **OPERATING STOCKS**

5.1 **Closing Stocks**

The closing stocks of commodities valued at Kshs.1,183,055,375(1998/99 Kshs 689,668,831) were composed of the following:-

| | <u>30.06.2000</u> | <u>30.06.1999</u> |
|--|--------------------------|--------------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| a) <u>Composition of Stocks:</u> | | |
| Local white Maize | 1,122,407,535 | 555,220,450 |
| Beans | 68,263,985 | 80,170,556 |
| Wheat – Local | 37,400 | 701,841 |
| Local milled rice | 1,523,735 | 129,675 |
| Castor Seeds | 640 | 640 |
| Wimbi | 4,532,112 | 0 |
| Packaging bags(Jute/PP) | 12,513,359 | 23,276,219 |
| Insecticides | <u>2,485,948</u> | <u>2,670,262</u> |
| Sub- Total | 1,211,764,714 | 662,169,643 |
| <u>Less:- 2.2 % Provision for</u> | | |
| <u>Stock shrinkage</u> | <u>54,193,641</u> | <u>9,089,233</u> |
| Sub – Total | 1,157,571,073 | 653,080,410 |
| b) Stocks of Consumables | <u>25,484,302</u> | <u>36,588,121</u> |
| Total closing stocks at year end | <u>1,183,055,375</u> | <u>689,668,531</u> |

6. **DEBTORS AND PREPAYMENTS**

6.1 **Breakdown analysis**

| <u>Category</u> | <u>30.06.2000</u> | <u>30.06.1999</u> |
|---|--------------------------|--------------------------|
| | <u>Kshs.</u> | <u>kshs.</u> |
| Former Associated company | 160,078 | 160,078 |
| Debtors for imported Wheat | 35,800,026 | 36,027,009 |
| Trade Debtors | 663,832,083 | 883,792,342 |
| Staff debtors | 53,043,358 | 136,776,596 |
| Sundry debtors & Prepayments | <u>78,552,138</u> | <u>80,509,701</u> |
| | 831,387,684 | 1,137,265,726 |
| <u>Less:</u> Cumulative Provisions for bad for doubtful Debts | <u>(519,341,359)</u> | <u>(725,522,982)</u> |
| Total Debtors and Prepayments | <u>312,046,325</u> | <u>411,742,744</u> |

**NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000**

(Continued)

6.2 Notes on Debtors and Prepayments:

(a) Former Associated company indebtedness consists of the following:-

| | 30.06.2000 | 30.06.1999 |
|---------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Kenya Peanuts Company Ltd | <u>160,078</u> | <u>160,078</u> |
| | <u>160,078</u> | <u>160,078</u> |

(b) The Provision for Bad and Doubtful Debts comprises the following:

| | 30.06.2000 | 30.06.1999 |
|----------------------------|--------------------|--------------------|
| | Kshs. | Kshs. |
| Associated companies | 160,078 | 160,077 |
| Debtors for imported wheat | 35,805,339 | 35,870,686 |
| Other trade debtors | 455,807,833 | 548,846,565 |
| Staff debtors | 24,509,189 | 118,574,803 |
| Sundry debtors | <u>3,058,920</u> | <u>22,070,851</u> |
| | <u>519,341,359</u> | <u>725,522,982</u> |

(c) Debts written-off during the year

During the year under review debtors outstanding balances amounting to KShs. 229,929,521 were written-off as approved by the Board of Directors under Minute No. FB 513/2000 of 3rd October 2000. These adjustments were based on a consultancy report from contracted Consultants who were engaged to undertake verification and evaluation of debtors and creditors accounts which were in the books as at 30th June 1998. The breakdown of the amounts written-off were as follows:-

| | Amount |
|---------------------|--------------------|
| | Kshs. |
| Other Trade Debtors | 113,295,890 |
| Staff debtors | 82,658,916 |
| Sundry debtors | <u>33,974,715</u> |
| | <u>229,929,521</u> |

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000

(Continued)

7 GOVERNMENT DEBTORS – OLD DEBTS

As part of NCPB commercialization reform process all past Government debts and obligations outstanding as at 30th June 1997 were consolidated and offset against credit balances held in favour of the Government with a net debt of KShs. 3.1 billion established. The net debt was initially recommended by commissioned Consultants to be repaid over a three year period but at the request of GOK was varied to six years with annual installment of KShs. 500.0 million. Through annual redemptions, the outstanding net debt has been progressively, though not at the agreed level of installments, substantially reduced and was standing at KShs1,799,112,093.00 as at 30th June 2000 as analysed here under:-

| | <u>30.06.2000</u> | <u>30.06.1999</u> |
|--|--------------------------|--------------------------|
| | Kshs | Kshs |
| Balance B/F 01/07/1999 | 2,330,872,828 | 5,745,151,599 |
| Deduct: Amount received During the year | <u>370,000,000</u> | <u>256,871,900</u> |
| | 1,960,872,828 | 5,488,279,699 |
| Less Net-offs: Accounts with Credit balances | <u>0</u> | <u>3,157,406,871</u> |
| | 1,960,872,828 | 2,330,872,828 |
| Less: Provisions for bad & doubtful debts | <u>161,760,735</u> | <u>161,760,735</u> |
| Balance outstanding At year end | <u>1,799,112,093</u> | <u>2,169,112,093</u> |

The provision of KShs. 161,760,735.00 under bad and doubtful debts relates to one component of debt that was included during the consolidation of outstanding GOK debts as at 30th June 1997 which is still under joint review with the Government.

8 GOVERNMENT DEBTORS – NEW AGENCY ACCOUNT

8.1 In compliance with agreed reform actions on GOK social functions, that involved introduction of new Operating Rules on domestic grain marketing the Board has with effect from 1st July 1997 fully adopted the new mode of charging GOK on agency basis for services rendered and facilities provided. Under the Agency Agreement signed between the Board and the Government, the GOK is under obligation to provide funds upfront to meet direct costs and agency remuneration for services rendered and facilities provided at rates to be annually negotiated and mutually agreed .

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000
(Continued)

8.2 The rates applicable in 1999/2000 FY for various services and facilities that were mutually agreed upon by the two parties were as follows:-

| <u>Nature of Service/facility</u> | <u>Rate</u> <u>Kshs/Percentage</u> |
|---|---------------------------------------|
| a) Storage | 3.00 per bag per month |
| b) Quality maintenance | 3.50 per bag per month |
| c) Commission on Purchasing | 75.00 per bag |
| d) Commission on releases | 15.00 per bag |
| e) Commercial sales commission | 8 % of sales value |
| f) Commission on transport | 8 % of transport cost |
| g) Commission on commodity handling(Direct costs) | 8 % of handling cost |
| h) Management fees on 17 selected depots Exclusively reserved for GOK use | 5 % of actual expenditure |

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000

(Continued)

- 8.3 The breakdown of the amounts outstanding in relation to each activity as well as remittances received from the Government during the year is summarized here below: -

| | <u>Amount Due</u> KShs | <u>Amount</u> <u>Received</u> KShs | <u>Net amount</u> <u>Outstanding</u> KShs |
|---|---------------------------|--|---|
| a) Strategic Grain <u>Reserve Programme</u> | | | |
| Balance B/F on 1/7/99 | 43,807,949 | 0 | 43,807,949 |
| 1999/2000 expenses:- | | | |
| Direct costs | 0 | 0 | 0 |
| Storage Charges | <u>108,000,000</u> | 0 | <u>108,000,000</u> |
| Sub – Total | <u>151,807,949</u> | 0 | <u>151,807,949</u> |
| b) <u>Famine Relief Programme</u> | | | |
| Balance B/F on 1/7/99 | 12,521,940 | 0 | 12,521,940 |
| 1999/2000 expenses:- | | | |
| Direct costs | 767,906,238 | 690,683,417 | 77,222,821 |
| Agency Commission | <u>77,165,130</u> | <u>57,108,283</u> | <u>20,056,847</u> |
| Sub – Total | <u>857,593,308</u> | <u>747,791,700</u> | <u>109,801,608</u> |
| c) GOK 17 selected <u>Depots for F/Relief</u> | | | |
| Balance B/F on 1/7/99 | 116,548,663 | 0 | 116,548,663 |
| Operating expenses | 21,076,670 | 0 | 21,076,670 |
| Storage Charges | 48,240,000 | 0 | 48,240,000 |
| 5 % Management fees | <u>1,053,833</u> | 0 | <u>1,053,833</u> |
| Sub – Total | <u>186,919,166</u> | 0 | <u>186,919,166</u> |
| Total (a+b+c) | <u>1,196,320,423</u> | <u>747,791,700</u> | <u>448,528,723</u> |
| d) <u>Less:</u> Net sales proceeds from sale of returned gunny bags | | | <u>5,471,935</u> |
| Amount outstanding as at 30th June 2000 | | | <u>443,056,788</u> |

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000

(Continued)

9. **CASH AT BANK AND IN HAND**

The amount of kshs 212,051,422.00 represents an amount KShs 150,000,000.00 held on short term fixed deposit, bank balances and cash-in-hand held in the Board's Cash Offices at Head Office and Depot/Silos as of 30th June, 2000.

10. **BANK OVERDRAFT**

The Board has a standby overdraft facility of KShs.400 million with the Kenya Commercial Bank Limited to supplement working capital. The overdraft of KShs. 729.00 as reflected in the Balance sheet consisted of the following:-

| | <u>30.06.2000</u> | <u>30.06.1999</u> |
|----------------------------|-------------------|-------------------|
| | <u>Kshs</u> | <u>KShs</u> |
| Overdrawn Depot Cash-books | <u>729</u> | <u>145,512</u> |
| | <u>729</u> | <u>145,512</u> |

11. **CREDITORS AND PROVISIONS**

| | <u>30.06.2000</u> | <u>30.06.1999</u> |
|---------------------------------|--------------------|--------------------|
| | <u>Kshs.</u> | <u>Kshs.</u> |
| Trade creditors | 91,900,179 | 208,288,620 |
| Sundry creditors and Provisions | <u>259,723,411</u> | <u>363,574,185</u> |
| | <u>351,623,590</u> | <u>571,862,805</u> |

During the year under review creditors amounting to KShs 124,891,509.00 were written-back after being verified and found to be either too old or having arisen from accounting errors.

12. **PRE-PAYMENT BY GOK**

The advance payment of KShs 6,979,121.00 relates to funds for settlement of port charges for Food aid wheat donated by Italian Government to GOK which were cleared in July 2000 and the Board will be handling the Wheat on Agency basis on behalf of GOK.

13. **GOVERNMENT MARKET INTERVENTION MEASURE IN PURCHASING AND DISPOSAL OF SURPLUS MAIZE THROUGH NCPB - 1994/95 to 1997/98**

The balance in this account relates to 1994/95 maize intervention and subsequent maize exports transactions in 1995/96 and 1996/97. As at the Balance Sheet date there was a surplus of Kshs 174,063,028.00 as shown below:

| | <u>30.06.2000</u> | <u>30.06.1999</u> |
|--------------------------------------|-----------------------|-----------------------|
| | <u>Kshs</u> | <u>Kshs</u> |
| Balance due to GOK as at year end | <u>174,063,028.00</u> | <u>174,063,028.00</u> |

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000
(Continued)

14. GOVERNMENT AGENCY ACCOUNT

14.1 Operating Results

The Board used to receive prior to liberalization in grain marketing in December 1993 cereals from overseas under either Food Aid or Loan Programs on behalf of the Government of Kenya. A formal Agency Agreement was entered into between the GOK and the Board. The agreement stipulates terms and conditions as well as the accountability procedures to be observed by the Board for these commodities. An Agency Commission of 8% of sales value is charged to meet the Board's management and overhead costs. The balance payable to the Government as at 30th June, 2000 were as follows:

| | <u>30.06.2000</u> | <u>30.06.1999</u> |
|--|--------------------------|--------------------------|
| | <u>Kshs.</u> | <u>KShs.</u> |
| Balance due to Government At 30 th June 1999 | 143,195,039 | 155,977,890 |
| <u>Less:</u> Reimbursable expenses from EEC on staff supplementation scheme | <u>0</u> | <u>12,782,851</u> |
| Balance due to the Government at 30th June 2000 | <u>143,195,039</u> | <u>143,195,039</u> |

15 TAXATION

Although the Board became commercialized as from 1st July 1997, no provision for taxation Has been made in the Accounts as tax status of the Board is still being reviewed with the Government. This is due to pending reform action on introduction of a new legal framework And full restoration of working capital.

16 CAPITAL FUND

| 30 th June 2000 | 30 th June 1999 |
|----------------------------|----------------------------|
| <u>Amount (KShs)</u> | <u>Amount (KShs)</u> |
| <u>6,304,142,172</u> | <u>6,304,142,172</u> |

NATIONAL CEREALS AND PRODUCE BOARD
NOTES TO THE ACCOUNTS - 30TH JUNE 2000

(Continued)

17 REVALUATION OF FIXED ASSETS

Land, Buildings, Plant and Machinery and Equipment were revalued at 1st March, 1995 on the existing use basis by Milligan and Company Limited, surveyors and registered valuers. The new values were incorporated in NCPB records as from 1st July, 1996. The incorporation of the new values of assets resulted to a revaluation surplus of Kshs. 2,699,423,826.00 as shown below:-

| <u>Asset Category</u> | <u>New Valuation</u> Kshs | <u>Old Valuation</u> Kshs | <u>Revaluation Surplus/ (Deficit)</u> Kshs |
|--|------------------------------|------------------------------|---|
| 1. Land | 406,216,000 | 124,695,775 | 281,520,225 |
| 2. Railway siding, Fences & Roads | 251,484,246 | 62,869,099 | 188,615,147 |
| 3. Buildings and Grain silos | 5,065,556,786 | 3,003,471,724 | 2,062,085,062 |
| 4. Motor Vehicles | 30,695,317 | 8,549,279 | 22,146,038 |
| 5. Fittings, Furniture and Equipment | 1,555,285,999 | 740,831,349 | 814,454,650 |
| 6. Construction in Progress (included In the Valuation) | 0 | 669,397,296 | (669,397,296) |
| TOTAL | <u>7,309,238,348</u> | <u>4,609,814,522</u> | <u>2,699,423,826</u> |

18 REVENUE RESERVE ACCOUNT

The Board realized a Net Operating Loss of KShs. 383,156,625.00 during the year under review on its commercial activities. The loss together with the prior year adjustment have been transferred to the Revenue Reserves Account thereby reducing the un-appropriated retained surpluses to Kshs. 536,378,622.00 as reflected in the Balance Sheet.

19 CONTINGENT LIABILITIES

The Board had contingent liabilities amounting to KShs. 231.3 Million as at 30th June, 2000 due to pending disputes with suppliers of goods and services together with other individuals who have filed court cases against the Board for various reasons.

20 PERFORMANCE ANALYSIS ON COMMODITY TRADE

As part of measuring trading performance on various commodities the contribution margin has been computed on the basis of turnover and this is reported in detail under Sub Note 20.1 and 20.2 shown over leaf.

Further more during the year under review the Board re-organized the accounting policy on the treatment of outstanding prepaid sales by recognizing date of receipt of payment for sale of commodities as being the key determinant in the disposal of commodities. This change has resulted in an increase of sales turnover by KShs 183,414,000.00 and KShs 24,061,345.00 in respect of the gross margin. Likewise the closing stocks reduced by a quantity of 123,532 bags of white maize which have been treated as third party stocks.

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 2000

PROFIT AND LOSS ACCOUNT 1999/2000 FY

20.1 1999/2000 CONTRIBUTION MARGIN **

(continued)

| PER PRODUCT | | | | | | | | | CASTOR | THE YEAR ENDED | |
|--|------------------------|------------------|--------------------|---------------------|--------------------|---------------------|--------------|--------------------|------------------------|----------------------|--|
| | MAIZE | WHEAT | RICE | GUNNIES | INSECTICIDES | BEANS | SEEDS | WIMBI | 30TH JUNE 2000 | 30TH JUNE 1999 | |
| | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | |
| SALES | <u>2,292,680,846</u> | <u>1,499,160</u> | <u>6,882,195</u> | <u>104,559,661</u> | <u>3,216,181</u> | <u>14,582,005</u> | 0 | <u>128,100</u> | <u>2,423,548,147</u> | <u>1,731,860,323</u> | |
| | <u>2,292,680,846</u> | <u>1,499,160</u> | <u>6,882,195</u> | <u>104,559,661</u> | <u>3,216,181</u> | <u>14,582,005</u> | 0 | <u>128,100</u> | <u>2,423,548,147</u> | <u>1,731,860,323</u> | |
| COST OF SALES | | | | | | | | | | | |
| Opening stock | 546,131,217 | 701,841 | 129,675 | 23,276,219 | 2,670,262 | 80,170,556 | 640 | 0 | 653,080,410 | 1,820,299,731 | |
| Purchases | 2,509,426,177 | 642,850 | 6,580,000 | 67,995,998 | 1,207,500 | 11,573,479 | 0 | 4,708,310 | 2,602,134,313 | 429,657,569 | |
| Transfer to GOK Relief account | 0 | 0 | 0 | 0 | 0 | (1,305,795) | 0 | 0 | (1,305,795) | (46,527,500) | |
| Provision for Stock shrinkage | 53,833,244 | 14,143 | 0 | 0 | 0 | 246,325 | 0 | 99,929 | 54,193,641 | 9,089,233 | |
| Closing stock | <u>(1,122,407,535)</u> | <u>(37,400)</u> | <u>(1,523,735)</u> | <u>(12,513,359)</u> | <u>(2,485,948)</u> | <u>(68,263,985)</u> | <u>(640)</u> | <u>(4,532,112)</u> | <u>(1,211,764,714)</u> | <u>(662,169,643)</u> | |
| | <u>1,986,983,103</u> | <u>1,321,433</u> | <u>5,185,940</u> | <u>78,758,858</u> | <u>1,391,814</u> | <u>22,420,580</u> | 0 | <u>276,127</u> | <u>2,096,337,855</u> | <u>1,550,349,390</u> | |
| GROSS PROFIT/(LOSS) | 305,697,743 | 177,727 | 1,696,255 | 25,800,803 | 1,824,366 | (7,838,576) | 0 | (148,027) | 327,210,292 | 181,510,933 | |
| Gross Profit/(Loss) as a percentage to sales | 13.33% | 11.86% | 24.65% | 24.68% | 56.72% | -53.76% | 0.00% | -115.56% | 13.50% | 10.48% | |
| OTHER INCOME | | | | | | | | | | | |
| Revenue from Services & other miscellaneous income | | | | | | | | | 469,936,525 | 385,072,506 | |
| GROSS PROFIT/(LOSS) & OTHER INCOME | 305,697,743 | | | 25,800,803 | | | | | 797,146,817 | 566,583,439 | |
| LESS EXPENDITURE: | | | | | | | | | | | |
| Railage and Road transport costs | 97,273,349 | | | 4,118,185 | | | | | 101,391,534 | 99,973,206 | |
| Finance charges net of interest earned | | | | | | | | | 88,187,864 | 132,410,005 | |
| Staff costs and wages operating and administration expenses | 0 | | | 0 | | | | | 228,381,072 | 173,897,932 | |
| | <u>97,273,349</u> | | | <u>4,118,185</u> | | | | | <u>715,669,621</u> | <u>689,163,753</u> | |
| PROFIT/(LOSS) BEFORE DEPRECIATION, BAD DEBTS AND EXTRA ORDINARY ITEMS | | | | | | | | | 81,477,196 | (122,580,314) | |
| Deduct: | | | | | | | | | | | |
| Depreciation expense | | | | | | | | | 417,965,623 | 415,898,614 | |
| Bad and doubtful debts | | | | | | | | | 35,939,598 | 5,000,000 | |
| | | | | | | | | | <u>453,905,221</u> | <u>420,898,614</u> | |
| PROFIT/(LOSS) BEFORE EXTRA ORDINARY ITEMS | 208,424,394 | | | 21,682,618 | | | | | (372,428,025) | (543,478,928) | |
| Extra-Ordinary Items: | | | | | | | | | | | |
| Early retirement costs | | | | | | | | | 10,728,600 | 62,269,855 | |
| NET PROFIT/ (LOSS) FOR THE YEAR | | | | | | | | | <u>(383,156,625)</u> | <u>(605,748,783)</u> | |

** (Comparative figures for 1998/99 see page 20)

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 2000

PROFIT AND LOSS ACCOUNT 1998/1999 FY

| 20.2 1998/99 CONTRIBUTION MARGIN PER PRODUCT | (continued) | | | | | | | | CASTOR | S/FLOWER | THE YEAR ENDED | THE YEAR ENDED |
|--|----------------------|-------------------|------------------|---------------------|--------------------|---------------------|--------------|------------------|------------|----------------------|------------------------|----------------|
| | MAIZE | WHEAT | RICE | GUNNIES | INSECTICIDES | BEANS | SEEDS | MILLET | SEEDS | 30TH JUNE 1999 | 30TH JUNE 1998 | |
| | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | |
| SALES | <u>1,624,128,562</u> | <u>26,059,950</u> | <u>1,484,455</u> | <u>67,351,095</u> | <u>4,934,861</u> | <u>970,450</u> | <u>-</u> | <u>6,930,866</u> | <u>84</u> | <u>1,731,860,323</u> | <u>966,528,964</u> | |
| | <u>1,624,128,562</u> | <u>26,059,950</u> | <u>1,484,455</u> | <u>67,351,095</u> | <u>4,934,861</u> | <u>970,450</u> | <u>-</u> | <u>6,930,866</u> | <u>84</u> | <u>1,731,860,323</u> | <u>966,528,964</u> | |
| COST OF SALES | | | | | | | | | | | | |
| Opening stock | 1,644,599,911 | 18,020,935 | 739,756 | 67,083,526 | 4,298,481 | 79,393,452 | 640 | 6,162,240 | 790 | 1,820,299,731 | 211,336,420 | |
| Purchases ¹² | 413,146,944 | 4,438,661 | 450,000 | 11,621,964 | 0 | 0 | 0 | 0 | 0 | 429,657,569 | 2,680,305,504 | |
| Transfer to Relief account | (46,527,500) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (46,527,500) | (26,250) | |
| Provision for shrinkage | 9,089,233 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,089,233 | 59,457,922 | |
| Closing stock | <u>(555,220,450)</u> | <u>(701,841)</u> | <u>(129,675)</u> | <u>(23,276,219)</u> | <u>(2,670,262)</u> | <u>(80,170,556)</u> | <u>(640)</u> | <u>0</u> | <u>0</u> | <u>(662,169,643)</u> | <u>(1,879,757,652)</u> | |
| | <u>1,465,089,139</u> | <u>21,757,755</u> | <u>1,060,081</u> | <u>55,429,271</u> | <u>1,628,219</u> | <u>(777,104)</u> | <u>0</u> | <u>6,162,240</u> | <u>790</u> | <u>1,550,349,390</u> | <u>1,071,315,944</u> | |
| GROSS PROFIT/(LOSS) | 159,040,424 | 4,302,195 | 424,374 | 11,921,824 | 3,306,642 | 1,747,554 | 0 | 768,626 | (706) | 181,510,933 | (104,786,960) | |
| GROSS PROFIT/(LOSS) AS A PERCENTAGE OF SALES | 9.79% | 16.51% | 28.59% | 17.70% | 67.01% | 180.08% | 0.00% | 11.09% | -840.48% | 10.48% | -10.84% | |
| Other Income | <u>-</u> | | | <u>-</u> | | | | | | <u>385,072,506</u> | <u>487,183,819</u> | |
| | 159,040,424 | | | 11,921,824 | | | | | | 566,583,439 | 382,396,839 | |
| LESS: | | | | | | | | | | | | |
| Railage and Road transport | 98,808,913 | | | 1,164,293 | | | | | | 99,973,206 | 1,010,168 | |
| Finance charges net of interest earned | | | | | | | | | | 132,410,005 | 38,482,847 | |
| Staff costs and wages | | | | | | | | | | 282,882,610 | 283,683,967 | |
| Other operation and administration expenses | | | | | | | | | | <u>173,897,932</u> | <u>250,610,488</u> | |
| | <u>98,808,913</u> | | | <u>1,164,293</u> | | | | | | <u>689,163,753</u> | <u>573,787,370</u> | |
| PROFIT/(LOSS) BEFORE DEPRECIATION, BAD DEBTS AND EXTRA ORDINARY ITEMS | | | | | | | | | | (122,580,314) | (191,390,531) | |
| Deduct: | | | | | | | | | | | | |
| Depreciation expense | | | | | | | | | | 415,898,614 | 410,291,654 | |
| Bad and doubtful debts | | | | | | | | | | <u>5,000,000</u> | <u>5,000,000</u> | |
| | | | | | | | | | | <u>420,898,614</u> | <u>415,291,654</u> | |
| PROFIT/(LOSS) BEFORE EXTRA ORDINARY ITEMS | 60,231,511 | | | 10,757,531 | | | | | | (543,478,928) | (606,682,185) | |
| Extra-Ordinary Items | | | | | | | | | | | | |
| Early retirement costs | | | | | | | | | | <u>62,269,855</u> | <u>116,843,959</u> | |
| NET PROFIT/(LOSS) FOR THE YEAR | | | | | | | | | | <u>(605,748,783)</u> | <u>(723,526,144)</u> | |

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 2000

STOCK FLOW PER PRODUCT

(continued)

20.3 STOCK FLOW 1999/2000 **

| | CASTOR | | | | | | | |
|---------------------------------|------------------|---------------|----------------|------------------|------------------|---------------|---------------|---------------|
| | MAIZE | WHEAT | RICE | GUNNIES | INSECTCIDES | BEANS | SEEDS | WIMBI |
| | 90kgs Bags | 90kgs Bags | 100kgs Bags | Pieces | 25 kg Packets | 90kgs Bags | 65kgs Bags | 80kgs Bags |
| OPENING STOCK | 526,122 | 489 | 120 | 728,344 | 3,207 | 25,899 | 4 | 0 |
| PURCHASES | <u>1,948,660</u> | <u>367</u> | <u>1,001</u> | <u>1,715,117</u> | <u>340</u> | <u>5,798</u> | <u>0</u> | <u>2,555</u> |
| STOCK AVAILABLE FOR SALE | <u>2,474,782</u> | <u>856</u> | <u>1,121</u> | <u>2,443,461</u> | <u>3,547</u> | <u>31,697</u> | <u>4</u> | <u>2,555</u> |
| SALES | 1,596,288 | 1,137 | 860 | 2,141,161 | 1,263 | 5,177 | 0 | 60 |
| TRANSFER TO GOK STOCK | - | | | | | 389 | | |
| STORAGE LOSS/(GAIN) | | | | | | | | |
| ADJUSTMENT | <u>17,847</u> | <u>(315)</u> | <u>34</u> | <u>(18,614)</u> | <u>(79)</u> | <u>(18)</u> | <u>0</u> | <u>(1)</u> |
| TOTAL DISPOSALS | <u>1,614,135</u> | <u>822</u> | <u>895</u> | <u>2,122,547</u> | <u>1,184</u> | <u>5,548</u> | <u>0</u> | <u>59</u> |
| CLOSING STOCK | <u>860,647</u> | <u>34</u> | <u>227</u> | <u>320,914</u> | <u>2,362</u> | <u>26,149</u> | <u>4</u> | <u>2,496</u> |

** Comparative figures for 1998/99 see page 22

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 2000

STOCK FLOW PER PRODUCT

(continued)

20.4 STOCK FLOW 1998/99

| | | | | | | CASTOR | | S/FLOWER | |
|--------------------------|------------------|---------------|-------------|------------------|--------------------|---------------|--------------|---------------|--------------|
| | <u>MAIZE</u> | <u>WHEAT</u> | <u>RICE</u> | <u>GUNNIES</u> | <u>INSECTCIDES</u> | <u>BEANS</u> | <u>SEEDS</u> | <u>MILLET</u> | <u>SEEDS</u> |
| | 90kgs | 90kgs | 100kgs | Pieces | 25 kg | 90kgs | 65kgs | 80kgs | 40kgs |
| | Bags | Bags | Bags | | Packets | Bags | Bags | Bags | Bags |
| OPENING STOCK | 1,498,317 | 22,948 | 171 | 1,247,889 | 4,269 | 25,748 | 4 | 9,408 | 10 |
| PURCHASES | <u>383,751</u> | <u>2,921</u> | <u>72</u> | <u>522,324</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| STOCK AVAILABLE FOR SALE | <u>1,882,068</u> | <u>25,869</u> | <u>243</u> | <u>1,770,213</u> | <u>4,269</u> | <u>25,748</u> | <u>4</u> | <u>9,408</u> | <u>10</u> |
| SALES | 1,307,272 | 16,511 | 184 | 1,035,593 | 1,623 | 290 | 0 | 8,728 | 0 |
| TRANSFER TO GOK STOCK | 36,500 | | | | | | | | |
| STORAGE LOSS/(GAIN) | | | | | | | | | |
| ADJUSTMENT | <u>12,173</u> | <u>8,869</u> | <u>(62)</u> | <u>6,276</u> | <u>(561)</u> | <u>(441)</u> | <u>0</u> | <u>680</u> | <u>10</u> |
| TOTAL DISPOSALS | <u>1,355,946</u> | <u>25,380</u> | <u>123</u> | <u>1,041,869</u> | <u>1,062</u> | <u>(151)</u> | <u>0</u> | <u>9,408</u> | <u>10</u> |
| CLOSING STOCK | <u>526,122</u> | <u>489</u> | <u>120</u> | <u>728,344</u> | <u>3,207</u> | <u>25,899</u> | <u>4</u> | <u>0</u> | <u>0</u> |

NATIONAL CEREALS AND PRODUCE BOARD

NOTES TO THE ACCOUNTS - 30TH JUNE 2000

(continued)

21. OTHER INCOME

Other income relate to revenue earned from provision of services and leasing out of Boar's properties to third parties, agency remuneration from GOK social functions and other miscellaneous income income derived from sundry items, and the details are as follows:-

| | <u>30TH JUNE 2000</u> | <u>30TH JUNE 1999</u> |
|--|-----------------------|-----------------------|
| | Kshs. | Kshs. |
| | ----- | ----- |
| (a) <u>Revenue from Services/facilities</u> | | |
| Weigh Bridge charges | 11,088,049 | 10,019,408 |
| Bagging charges | 2,350,907 | 2,045,660 |
| Cleaning charges | 383,885 | 877,980 |
| Rental charges | 78,658,399 | 93,245,498 |
| Drying and Fumigation | <u>47,157,237</u> | <u>31,906,167</u> |
| | <u>139,638,477</u> | <u>138,094,713</u> |
| (b) <u>GOK Agency services</u> | | |
| Agency remuneration | <u>230,424,696</u> | <u>232,411,118</u> |
| | | |
| Sub - total (a+b) | <u>370,063,173</u> | <u>370,505,831</u> |
| (c) <u>Sundry Income</u> | | |
| Receipts for Private Calls | 31,035 | 33,736 |
| Insurance Compensation | 1,626,397 | 1,906,303 |
| Sale of Tender documents | 351,440 | - |
| Sale of Obsolete Material | 12,777,740 | 10,916,951 |
| Other Miscellaneous Income | 2,379,350 | 1,552,331 |
| Other fees and charges | 3,297,735 | 580,342 |
| Gain/(Loss) on disposal of fixed assets | <u>3,001,320</u> | <u>(422,988)</u> |
| | <u>23,465,017</u> | <u>14,566,674</u> |
| (d) <u>Investment income</u> | | |
| Interest earned on Short term deposits(net of withholding tax) | <u>76,408,335</u> | <u>17,112,092</u> |
| Total other Income per | | |
| Profit & Loss A/C | <u>469,936,525</u> | <u>387,617,923</u> |

NATIONAL CEREALS AND PRODUCE BOARD
OPERATING AND ADMINISTRATION EXPENSES
FOR THE YEAR ENDED 30TH JUNE 2000

(continued)

22. EXPENDITURE DETAILS

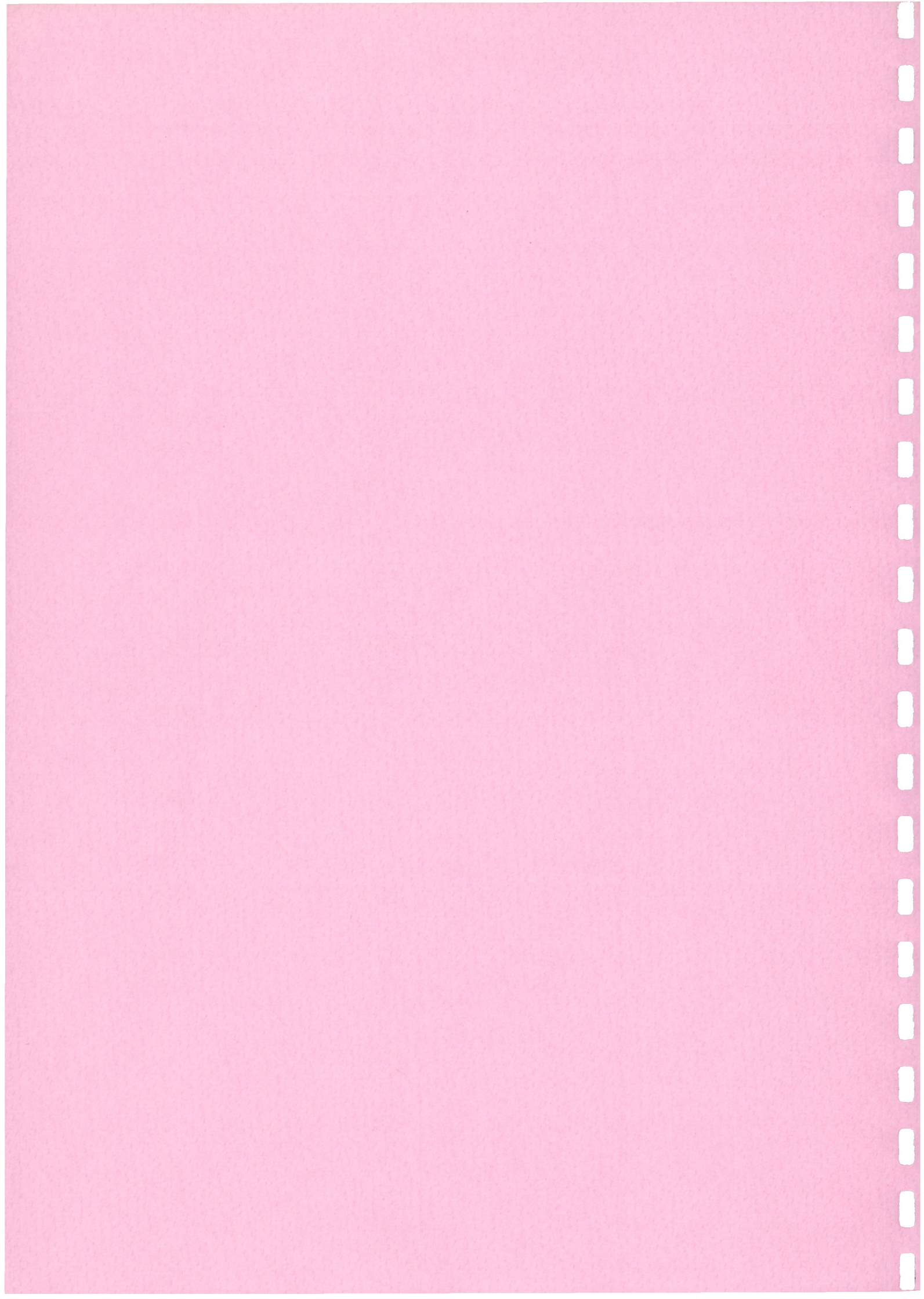
| | <u>30TH JUNE 2000</u> | <u>30TH JUNE 1999</u> |
|---|-----------------------|-----------------------|
| | Kshs. | Kshs. |
| <u>GENERAL ADMINISTRATION</u> | | |
| Board Members Allowances | 1,035,236 | 671,216 |
| Advertising | 2,183,696 | 2,190,064 |
| Conservancy, light and water | 32,020,639 | 22,583,248 |
| Consumable stores | 824,537 | 974,388 |
| Entertainment | 26,905 | 573,244 |
| General expenses | 1,734,309 | 1,376,144 |
| Insurance | 10,000,065 | 10,543,993 |
| Land rents & rates and siding charges | 6,079,778 | 10,833,942 |
| Maintenance of machinery, furniture and equipment | 27,723,947 | 15,027,951 |
| Maintenance of buildings, fences, gates, roads and railway sidings | 6,656,896 | 10,271,810 |
| Postage, telegram & telephone | 17,552,183 | 15,936,810 |
| Printing and stationery | 8,864,372 | 6,209,537 |
| Security expenses | 44,298,845 | 33,850,993 |
| Subscriptions & Nafaka Newsletter | 782,353 | 1,099,985 |
| Uniforms and protective clothing | 30,674 | 86,110 |
| Donations | 1,438,900 | 982,100 |
| Depreciation | <u>417,965,623</u> | <u>415,898,614</u> |
| | <u>579,218,958</u> | <u>549,110,151</u> |
| <u>GENERAL OPERATING EXPENSES</u> | | |
| Fumigation expenses | 5,690,555 | 9,073,341 |
| Grain dryers operating costs | 16,161,609 | 3,758,560 |
| commodity handling costs | 517,190 | 156,631 |
| Hired transport(Non-commodities) | 141,609 | 24,500 |
| Shows and exhibitions | 2,317,658 | 1,854,623 |
| Travelling and subsistence | 17,409,921 | 14,661,887 |
| Vehicle running costs | 15,975,784 | 15,055,265 |
| Provision for bad and doubtful debts | <u>35,939,598</u> | <u>5,000,000</u> |
| | <u>94,153,924</u> | <u>49,584,806</u> |

NATIONAL CEREALS AND PRODUCE BOARD
OPERATING AND ADMINISTRATION EXPENSES
FOR THE YEAR ENDED 30TH JUNE 2000

(continued)

| | <u>30TH JUNE 2000</u> | <u>30TH JUNE 1999</u> |
|---|-----------------------|-----------------------|
| | Kshs. | Kshs. |
| <u>STAFF COSTS</u> | | |
| Salaries and wages | 231,096,287 | 215,081,361 |
| Board's contributions to Provident fund and Staff savings schemes | 16,572,354 | 15,351,565 |
| Board's contribution to National Social Security Fund | 1,064,720 | 1,242,012 |
| Medical expenses | 16,820,020 | 14,318,126 |
| Leave pay and gratuities | 14,671,614 | 14,156,723 |
| Welfare and training | <u>17,484,156</u> | <u>13,659,483</u> |
| | <u>297,709,151</u> | <u>273,809,269</u> |
| <u>PROFESSIONAL EXPENSES</u> | | |
| Audit fees | 2,500,000 | 2,500,000 |
| Legal and other professional fees | <u>6,413,412</u> | <u>2,674,931</u> |
| | <u>8,913,412</u> | <u>5,174,931</u> |
| TOTAL EXPENDITURE BEFORE FINANCE COSTS | <u>979,995,445</u> | <u>877,679,158</u> |
| <u>FINANCE COSTS</u> | | |
| Bank charges | 14,760,209 | 8,771,656 |
| Bank overdraft and loan interest | <u>73,427,655</u> | <u>140,750,440</u> |
| | <u>88,187,864</u> | <u>149,522,096</u> |
| TOTAL INDIRECT EXPENDITURE | <u>1,068,183,309</u> | <u>1,027,201,254</u> |
| <u>DIRECT COSTS</u> | | |
| Hired road & rail transport | <u>101,391,534</u> | <u>99,973,206</u> |
| Total direct costs | <u>101,391,534</u> | <u>99,973,206</u> |
| TOTAL OPERATING EXPENDITURE | <u>1,169,574,843</u> | <u>1,127,174,460</u> |
| <u>EXTRA-ORDINARY ITEM OF EXPENSE</u> | | |
| Early retirement staff costs | <u>10,728,600</u> | <u>62,269,855</u> |
| TOTAL EXPENDITURE (DIRECT AND INDIRECT) | <u>1,180,303,443</u> | <u>1,189,444,315</u> |

GOK FAMINE RELIEF PROGRAMME
BALANCE SHEET AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2000



NATIONAL CEREALS AND PRODUCE BOARD
GOK AGENCY ACCOUNT
BALANCE SHEET AND ACCOUNTS
30TH JUNE, 2000

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| Balance Sheet | 2 |
| Income and Expenditure Account | 3 |
| Notes to the Accounts | 4 - 8 |

NATIONAL CEREALS AND PRODUCE BOARD

GOK AGENCY OPERATIONS

BALANCE SHEET AS AT 30TH JUNE 2000

| | <u>Note</u> | <u>30TH JUNE 2000</u> | <u>30TH JUNE 1999</u> |
|-------------------------------------|-------------|-----------------------|-----------------------|
| | | <u>Kshs</u> | <u>Kshs</u> |
| Stocks | 3 | 117,466,848 | 457,124,887 |
| Pre-payment to NCPB | 4 | 6,979,121 | 0 |
| Shortfall in GOK funding to NCPB | 5 | <u>443,056,788</u> | <u>172,878,552</u> |
| | | <u>567,502,757</u> | <u>630,003,439</u> |
| Agency Account | 5 | 443,056,788 | 172,878,552 |
| Food Aid Funds holding Account | | 6,979,121 | 0 |
| Stock Reserve Account | | <u>117,466,848</u> | <u>457,124,887</u> |
| | | <u>567,502,757</u> | <u>630,003,439</u> |

NATIONAL CEREALS AND PRODUCE BOARD

GOK AGENCY OPERATIONS
INCOME AND EXPENDITURE ACCOUNT

| | 5,000 bags | | 1999/2000 | | GOK 17 Selected | |
|---|----------------------|-------------------------|---------------------|-------------------------|----------------------|---------------|
| | GOK Strategic | 1996/97 Famine | Famine | Emergency Famine | Famine Relief | Total |
| | <u>Grain Reserve</u> | <u>Relief Programme</u> | <u>Relief Maize</u> | <u>Relief Programme</u> | <u>Relief Depots</u> | |
| <u>Kshs</u> | <u>Kshs</u> | <u>Kshs</u> | <u>Kshs</u> | <u>Kshs</u> | <u>Kshs</u> | |
| 1 INCOME | | | | | | |
| (a) Direct receipts from GOK | 0 | 0 | 7,791,700 | 740,000,000 | 0 | 747,791,700 |
| (b) Sales proceeds of returned S/hand Gunny Bags | 0 | 5,947,756 | 0 | 0 | 0 | 5,947,756 |
| | 0 | 5,947,756 | 7,791,700 | 740,000,000 | 0 | 753,739,456 |
| 2 EXPENDITURE | | | | | | |
| (a) Direct costs | | | | | | |
| Maize procurement cost | 0 | 0 | 7,375,000 | 543,063,691 | 0 | 550,438,691 |
| Cost of bags used for bagging maize | 0 | 0 | 0.00 | 16,461,250 | 0 | 16,461,250 |
| Beans drawn from NCPB for GOK Famine Relief Programme | 0 | 1,305,795 | 0.00 | 0 | 0 | 1,305,795 |
| Direct transport cost | 0 | 86,711,330 | 0.00 | 101,983,076 | 0 | 188,694,406 |
| Handling costs | 0 | 5,324,106 | 15,000 | 5,666,990 | 0 | 11,006,096 |
| Operating Expenses | 0 | 0 | 0 | 0 | 21,076,670 | 21,076,670 |
| Sub - Total | 0 | 93,341,231 | 7,390,000 | 667,175,007 | 21,076,670 | 788,982,908 |
| (b) Agency fees and charges for services/facilities provided | | | | | | |
| Storage | 108,000,000 | 1,116,280 | 0 | 864,626 | 48,240,000 | 158,220,906 |
| Quality maintenance | 0 | 5,440,829 | 25,500 | 4,609,249 | 0 | 10,075,578 |
| Commission on purchases | 0 | 0 | 375,000 | 32,491,275 | 0 | 32,866,275 |
| Commission on releases | 0 | 6,531,939 | 0 | 5,224,303 | 0 | 11,756,242 |
| Commission on direct transport cost | 0 | 6,936,906 | 0 | 8,158,646 | 0 | 15,095,552 |
| Commission on commodity handling costs | 0 | 425,928 | 1,200 | 453,361 | 0 | 880,489 |
| Commission on commercial sales | 0 | 475,820 | 0 | 0 | 0 | 475,820 |
| Drying costs | 0 | 0 | 0 | 4,510,088 | 0 | 4,510,088 |
| 5 % management fees on depots exclusively for GOK use | 0 | 0 | 0 | 0 | 1,053,833 | 1,053,834 |
| Sub - Total | 108,000,000 | 20,927,704 | 401,700 | 56,311,548 | 49,293,833 | 234,934,784 |
| Total Expenditure (a + b) | 108,000,000 | 114,268,934 | 7,791,700 | 723,486,555 | 70,370,503 | 1,023,917,692 |
| Net Surplus/(Deficit) for the year | (108,000,000) | (108,321,179) | 0 | 16,513,445 | (70,370,503) | (270,178,236) |
| 3 Add: | | | | | | |
| Shortfall B/F balance | | | | | | |
| 1/07/1999 | 43,807,949 | 12,521,940 | 0 | 0 | 116,548,663 | 172,878,552 |
| Net due (to)/from the Agent as at 30.06.2000 (Note 5) | (151,807,949) | (120,843,119) | 0 | 16,513,445 | (186,919,166) | (443,056,788) |

NATIONAL CEREALS AND PRODUCE BOARD
GOK AGENCY ACCOUNT
NOTES TO THE ACCOUNTS - 30TH JUNE, 2000

1. **ACCOUNTING POLICIES**

(a) **Valuation of closing stock**

- i) Closing stocks of FAQ maize have been valued at the lower of cost, the average procurement cost and net realizable value whichever is lower.
- ii) Closing stock of maize have been stated in terms of standard weight of 90 kg bags.

(b) **Funds from the Government (Principal)**

Funds from the Principal for undertaking the GOK social functions have been incorporated in the Accounts on accrual basis to recognize it as income in the same fiscal year that funds were to be provided to the Agent by the Principal for specific operations carried out at the express instructions of the Principal.

(c) **Allocation of Expenses**

Expenses which are specifically and directly attributable to GOK social functions have been charged to the relevant Agency function.

2. **GOK AGENCY ACCOUNT**

2.1 **Policy Reform Changes on GOK Social Functions**

In conformity with the new Operating Rules on domestic grain marketing that were introduced as part of NCPB commercialization process, the Government signed an Agency Agreement on 11th May 1998 that requires both the Agent and the Principal to enter into separate operational contracts for each specific function and to negotiate and agree on rates for services and facilities to be provided by the Agent. The Agency functions identified for the purpose of the Agency Agreement were as follows:-

- (i) Procurement, handling, storage and maintenance of Strategic Grain Reserve Stocks of up to 3.0 million X 90 Kg bags of maize
- (ii) Procurement, handling, storage, maintenance and distribution of GOK famine Relief/Emergency stocks of commodities
- (iii) Management and up-keep of 17 selected depots for use in storage and distribution of GOK famine relief/emergency programmes
- (iv) Undertaking market intervention measures as directed by the Government from time to time

NATIONAL CEREALS AND PRODUCE BOARD
GOK AGENCY ACCOUNT
NOTES TO THE ACCOUNTS - 30TH JUNE, 2000

2.2 Provisions of Agency Agreement

Under the Agency Agreement, the Government (Principal) is required to avail funds upfront to the Agent (NCPB) to meet direct costs and the agency fees and charges which are expected to be paid on the basis of pre-costing of activities to be undertaken.

The rates applicable in 1999/2000 FY for various services and facilities which were mutually agreed upon by the two parties were as follows:-

| <u>Nature of Service/facility</u> | <u>Rate</u> <u>KShs/Percentage</u> |
|--|---------------------------------------|
| a) Storage | 3.00 per bag per month |
| b) Quality maintenance | 3.50 per bag per month |
| c) Commission on Purchasing | 75.00 per bag |
| d) Commission on releases | 15.00 per bag |
| e) Commercial on sales | 8 % of sales value |
| f) Commission on direct transport cost | 8 % of transport cost |
| g) Commission on commodity handling | 8 % of handling cost |
| h) Management fees on depots exclusively reserved for GOK use | 5 % of actual expenditure |

3. CLOSING STOCKS

3.1 Details of closing stocks under GOK Famine Relief function were as follows:

| | <u>As at 30.06.2000</u> | | <u>As at 30.06.1999</u> | |
|---------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | <u>Quantity</u> | <u>Value KShs</u> | <u>Quantity</u> | <u>Value KShs</u> |
| GOK Strategic Reserve – Maize | 0 | 0 | 414,753 | 423,940,539 |
| GOK Famine Relief – Maize(90 kg) | 84,930 | 110,125,820 | 15,710 | 16,731,150 |
| GOK Famine Relief - Beans (90 Kg) | | 0 | 80 | 288,000 |
| GOK Famine Relief - S/hand Gunnies | 201,090 | <u>7,341,028</u> | 306,275 | <u>16,165,198</u> |
| Total value | | <u>117,466,848</u> | | <u>457,124,887</u> |

NATIONAL CEREALS AND PRODUCE BOARD
GOK AGENCY ACCOUNT
NOTES TO THE ACCOUNTS - 30TH JUNE, 2000

3.2 **Stock Movement**

| | 1999/2000 FY | | | 1998/1999 FY | | |
|---------------------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| | <u>GUNNIES</u> | <u>MAIZE</u> | <u>BEANS</u> | <u>GUNNIES</u> | <u>MAIZE</u> | <u>BEANS</u> |
| | Pieces | (90kg Bags) | (90kg Bags) | Pieces | (90kg Bags) | (90kg Bags) |
| OPENING STOCK | 306,275 | 430,463 | 80 | 443,844 | 76,499 | 1,164 |
| Transfer To Gok Stock | 0 | 0 | 389 | 0 | 36,500 | 0 |
| Purchases | 160,650 | 438,217 | 0 | 62,505 | 644,833 | 0 |
| Stock Available For Sale | 466,925 | 868,680 | 469 | 506,349 | 757,832 | 1,164 |
| Deduct | | | | | | |
| Releases/Sales | 248,601 | 783,750 | 469 | 217,398 | 327,369 | 1,084 |
| Storage Loss/(Gain) | | | | | | |
| Adjustment | 17,234 | 0 | 0 | (17,324) | 0 | 0 |
| Sub-Total | 265,835 | 783,750 | 80 | 200,074 | 327,369 | 1,084 |
| CLOSING STOCK | 201,090 | 84,930 | (0) | 306,275 | 430,463 | 80 |

4 **PRE-PAYMENT BY GOK**

The advance payment of KShs 6,979,121.00 to NCPB relates to funds for settlement of clearing and forwarding charges, local transport and storage at Mombasa for Food aid commodities donated by Italian Government to the Government of Kenya which were cleared and released to World Food Programme for distribution after 30th June 2000 and where the Board was formally appointed as the principal's clearing and forwarding agent. The assignment is being undertaken on Agency basis and expenditure return is to be prepared and submitted by the Agent to the Government for full accounting of utilization of funds.

NATIONAL CEREALS AND PRODUCE BOARD
GOK AGENCY ACCOUNT
NOTES TO THE ACCOUNTS - 30TH JUNE, 2000

5 **AMOUNTS DUE ON AGENCY SERVICES**

The breakdown of the amounts owing to the Agent as at 30th June 2000 in relation to each Agency operation as well as remittances received from the Government during the year is summarized here below: -

| | <u>Amounts due</u> KShs | <u>Amounts</u> <u>Received</u> KShs | <u>Net amounts</u> <u>Outstanding</u> KShs |
|--|-----------------------------|---|--|
| a) Strategic Grain <u>Reserve Operation</u> | | | |
| Balance B/F on 1/7/99 | 43,807,949 | 0 | 43,807,949 |
| 1999/2000 expenses:- | | | |
| Direct costs | 0 | 0 | 0 |
| Storage Charges | <u>108,000,000</u> | <u>0</u> | <u>108,000,000</u> |
| Sub – Total | <u>151,807,949</u> | <u>0</u> | <u>151,807,949</u> |
| b) <u>Famine Relief Operations</u> | | | |
| Balance B/F on 1/7/99 | 12,521,940 | 0 | 12,521,940 |
| 1999/2000 expenses:- | | | |
| Direct costs | 767,906,238 | 690,683,417 | 77,222,821 |
| Agency Commission | <u>77,165,130</u> | <u>57,108,283</u> | <u>20,056,847</u> |
| Sub – Total | <u>857,593,308</u> | <u>747,791,700</u> | <u>109,801,608</u> |
| c) GOK 17 selected <u>Depots for F/Relief</u> | | | |
| Balance B/F on 1/7/99 | 116,548,663 | 0 | 116,548,663 |
| Operating expenses | 21,076,670 | 0 | 21,076,670 |
| Storage Charges | 48,240,000 | 0 | 48,240,000 |
| 5 % Management fees | <u>1,053,833</u> | <u>0</u> | <u>1,053,833</u> |
| Sub – Total | <u>186,919,166</u> | <u>0</u> | <u>186,919,166</u> |
| Sub - total (a+b+c) | <u>1,196,320,423</u> | <u>747,791,700</u> | <u>448,528,723</u> |
| d) Less: Net sales proceeds from sale of returned gunny bags | | | 5,471,935 |

Amount due to Agent(NCPB) as at 30th June 2000

443,056,788

It should be noted that an amount of KShs.272,527,949.00 out of the total owed to the Agent represents a portion that is still subject to Government policy interpretation and guidance and the difference of KShs. 169,528,839.00 is overdue for payment and excludes KShs 201,304,361.10 reflected under contingent liabilities.

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6 PURCHASE OF COMMODITIES

During 1999/2000 FY the Board, at the request of the Government procured some maize for GOK social functions on agency basis as follows:-

| <u>Programme</u> | <u>1999/2000 FY Quantity (90Kgs)</u> | <u>1998/99 FY Quantity(90Kgs)</u> |
|-----------------------------|---|--|
| GOK Famine Relief | 438,217 | 47,500 |
| GOK Strategic Grain Reserve | <u>0</u> | <u>633,833</u> |
| | <u>438,217</u> | <u>681,333</u> |

7 RELIEF COMMODITIES DISTRIBUTED IN 1999/2000 FY

7.1 Commodities Distributed

During 1999/2000 FY the Agent (NCPB) distributed on behalf of the Government through requisitions raised for various beneficiary districts the under-listed commodities under GOK famine relief operations.

| | <u>1999/2000 FY Quantity (90 Kg Bags)</u> | <u>1998/99 FY Quantity (90 kg Bags)</u> |
|-------|--|--|
| Maize | 783,750 | 327,369 |
| Beans | 469 | 1,084 |

7.2 Outstanding Sales Orders

As at 30th June 2000 there were outstanding sales orders for a total of 84,930 X 90 Kg bags valued at KShs 110,125,820.00 where for various reasons the beneficiary districts were unable to collect the maize and this quantity has be treated as part of closing stock under Note 3.1.

8 CONTINGENT LIABILITIES

Contingent liabilities amounting to KShs 201,304,361.10 were outstanding as at 30th June 2000 for market intervention measures undertaken by the Agent(NCPB) in respect of wheat and strategic reserve maize purchases in 1997/98 FY and 1998/99 FY respectively. The intervention measures were undertaken on the basis of Government directives.