

REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY

Telephone: +254-20-342330

Fax: +254-20-311482

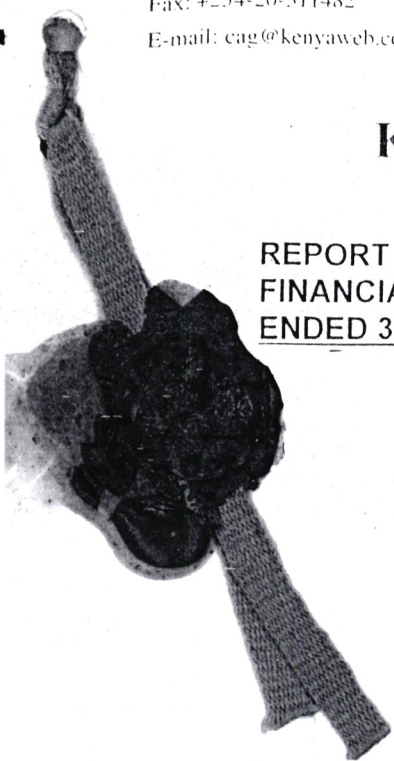
E-mail: cag@kenyaweb.com



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF KENYA SUGAR BOARD FOR THE YEAR
ENDED 30 JUNE 2005





KENYA SUGAR BOARD

TABLE OF CONTENTS

| | PAGE |
|---|----------------|
| 1. Corporate Information..... | 1 - 2 |
| 2. Report of the Directors..... | 3 |
| 3. Statement of Directors' Responsibilities..... | 4 |
| 4. Report of the Auditors..... | 5 - 6 |
| 5. Income Statement..... | 7 |
| 6. Balance Sheet..... | 8 |
| 7. Cash Flow Statement..... | 9 |
| 8. Statement of Changes in Reserves..... | 10 |
| 10. Notes to the Financial Statements..... | 11 - 20 |

CORPORATE INFORMATION

DIRECTORS

The Directors who served during the year were:

- | | |
|-------------------------|---|
| 1. Eng. J. O. Nyarotho | Chairman -upto May 2005 |
| 2. Mr. J. A. Mbai | Chairman - Joined May 2005 |
| 3. Mr. A. O. Otieno | CEO |
| 4. Mr. H. Patel | Director (Millers) |
| 5. Dr. E. Kidero | Director (Millers) |
| 6. Prof. J. Nyakundi | Director (Millers) - Retired May 2005 |
| 7. Mr. J. M. Akoyo | Director (Millers) - Joined May 2005 |
| 8. Mr. S. Busolo | Director (Growers) |
| 9. Dr. F. Owako | Director (Growers) |
| 10. Mr. Z.O. Okoth | Director (Growers) - Retired May 2005 |
| 11. Mrs. O. O. Wakwabi | Director (Growers) - Retired May 2005 |
| 12. Mr. C. W. Muganda | Director (Growers) - Retired May 2005 |
| 13. Dr. M. Kagumba | Director (Growers) - Retired May 2005 |
| 14. Mr. S. A. Omonge | Director (Growers) - Joined May 2005 |
| 15. Mr. B. S. Imbogo | Director (Growers) - Joined May 2005 |
| 16. Mr. S. Bonyo | Director (Growers) - Joined May 2005 |
| 17. Mr. J. E. O. Ongwae | PS, Min of Agriculture Alt. E. Gatuguta/P. Koech |
| 18. Mr. J. Kinyua | PS, Treasury Alt. T. Gathara |
| 20. Mr. A. Cheluget | Director of Agriculture Alt. Mr. Ondaje - Joined May 2005 |
| 19. Mr. J. Otenyo | Inspector General (Corps) Alt. T. Gichana - In -attendance |

SDF BOARD COMMITTEE

- | | |
|-------------------------|-----------------------------|
| 1. Dr. F. N. Owako | - Chairman - upto May 2005 |
| 2. Mr. S. A. Omonge | - Chairman - From May 2005 |
| 3. Mr. A. O. Otieno | - Member |
| 4. Mr. S. W. Busolo | - Member |
| 5. Mrs. T. N. Gathara | - Member |
| 6. Mr. H. Patel | - Member |
| 7. Dr. E. Kidero | - Member |
| 8. Eng. J. O. Nyarotho | - Member - Retired May 2005 |
| 9. Mr. C. P. W. Muganda | - Member - Retired May 2005 |
| 10. Mrs. E. M. Gatuguta | - Member - Retired May 2005 |
| 11. Prof. J. Nyabundi | - Member - Joined May 2005 |
| 12. Dr. W. Songa | - Member - Joined May 2005 |
| 13. Mrs. C. Kimura | - Member - Retired May 2005 |
| 14. Mr. D. Driscoll | - Member - Retired May 2005 |

FINANCE AND ESTABLISHMENT COMMITTEE

- | | | |
|--|-------------|--------------------|
| 1. Mr. B. S. Imbogo | - Chairman | - Joined May 2005 |
| 2. Mr. A. O. Otieno | - Secretary | |
| 3. PS, Min of Agriculture Alt. E. Gatuguta/P. Koech | - Member | |
| 4. PS, Treasury Alt. T. Gathara | - Member | |
| 5. Mr. J. M. Akoyo | - Member | |
| 6. Mr. J. O. Nyarotho | - Member | |
| 7. Mr. Obado Okoth | - Member | - Retired May 2005 |
| 8. Ms. Iddah O'Wakwabi | - Member | - Retired May 2005 |
| 9. Mr. Himesh Patel | - Member | - Retired May 2005 |
| 10. Mr. J. Wanjaiya | - Member | - Retired May 2005 |

AUDIT COMMITTEE

- | | | |
|------------------------|-------------|--------------------|
| 1. Dr. E. Kidero | - Chairman | |
| 2. Mr. A. O. Otieno | - Secretary | |
| 3. Eng. J. O. Nyarotho | - Member | |
| 4. Dr. F. N. Owako | - Member | |
| 5. P. S. Agriculture | - Member | |
| 6. P. S. Finance | - Member | |
| 7. Mr. Mboya Kagumba | - Member | - Retired May 2005 |
| 8. Mr. C. M. Wabwire | - Member | - Retired May 2005 |
| 9. Mr. J. Otenyo | - Member | - Retired May 2005 |

TENDER COMMITTEE

- | | | |
|----------------------------------|-----------------|--------------------|
| 1. Mr. S. Bonyo | - Chairman | |
| 2. Mr. S. W. Busolo | - Vice Chairman | |
| 3. Mr. H. Patel | - Member | |
| 4. Chief Executive Officer (KSB) | - Member | |
| 5. Head of Finance | - Member | |
| 6. Snr. Purchasing Officer | - Member | |
| 7. Head of Sugar Technology | - Member | |
| 8. Portfolio Manager | - Member | |
| 9. Head of Planning | - Member | |
| 10. Human Resource Manager | - Member | |
| 11. Company Secretary | - Member | |
| 12. Mr. M. Kagumba | - Member | - Retired May 2005 |
| 13. Eng. J. O. Nyarotho | - Member | - Retired May 2005 |
| 14. PS, Agriculture | - Member | - Retired May 2005 |

CANE PRICING COMMITTEE

- | | | |
|----------------------------------|------------|--------------------|
| 1. Mr. S. W. Busolo | - Chairman | |
| 2. Mr. J. O. Nyarotho | - Member | |
| 3. Mr. J. M. Akoyo | - Member | |
| 4. Mr. S. Bonyo | - Member | |
| 5. Agric. Secretary | - Member | |
| 6. KESGA (2) Nominees | - Member | |
| 7. Chief Executive Officer (KSB) | - Member | |
| 8. Mr. Kagumba (KSB) | - Member | - Retired May 2005 |
| 9. Mr. D. Driscoll (KSB) | - Member | - Retired May 2005 |
| 10. Mr. A. Tuikong (KSB) | - Member | - Retired May 2005 |

COMPANY SECRETARY

Rosemary Mkok

LAWYERS

Rachier and Amollo

REGISTERED OFFICE

Sukari Plaza
Off. Waiyaki Way
P. O. Box 51500
0200 City Square
NAIROBI

AUDITORS

The Controller & Audit General
Kenya National Audit Office
Anniversary Towers
University Way
P. O. Box 30084 - 00100
NAIROBI

BANKERS

National Bank of Kenya - Hill Branch

REPORT OF THE DIRECTORS

The Directors have the pleasure in presenting their report together with audited Financial Statement for the Kenya Sugar Board for the year ended 30th June 2005.

PRINCIPAL ACTIVITIES

The Principal activities of the Board which was established under the Sugar Act 2001 is to:

- a. regulate, develop and promote the sugar industry;
- b. co-ordinate the activities of individuals and organizations within the industry;
- c. facilitate equitable access to the benefits and resources of the industry by all interested parties.

RESULTS

Gross Income: Kshs.91,540,252

Net deficit: Kshs.190,976,695

The high deficit reported is explained by a major policy change in the reporting of the Board during the period.

Unlike in the previous periods when operating expenses were shared between KSB and SDF, during the year under view, after consultation with the Treasury and taking into account previous Auditor Generals' views on reporting format for SDF and KSB, the Board approved reporting as follows;

- (a) Applications of the funds of the SDF were to be treated as appropriation to the various benefiting components. SDF was to have no operating expenses as such expenses were to be born by KSB.
- (b) To implement this arrangement, the budget for the year under review had to show all operating expenses in the KSB budget based on the old SDL sharing ratio. This naturally showed a deficit on KSB budget and subsequent operating statement. The deficit then provided the basis for adjusting the SDL sharing ratio in such way that KSB could meet all expenses including those previously budgeted for under the SDF.
- (c) By the same logic, it was agreed and approved that KSB will cease to earn a percent of interest earned on SDF Funds invested in short term fixed deposits and lent to companies. This explains the substantial deficit in KSB accounts and nil administrative expenses on SDF Financial statements for the same period. You will note that in the subsequent year the KSB grant from SDL improved materially, this was the Financial effect of implementing the new policy a note to the accounts in the same period will be included in the Financial statements.

DIRECTORS

The Directors who served during the year are shown on page 1.

AUDITORS

The Controller and Audit General is responsible for the Statutory Audit of the Board's books and accounts in accordance with the provisions of Section 14 of the Public Audit Act, 2003.

By Order of the Board



Rosemary Mkok
Company Secretary

KENYA SUGAR BOARD

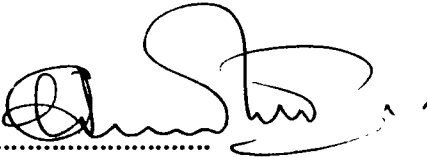
STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Companies Act requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Board as at the end of the financial year, and of the operating results of the Group for that year. It also requires the Directors to ensure the Board keeps proper accounting records, which disclose with reasonable accuracy, the financial position of the Board. They are also responsible for safeguarding the assets of the Board.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Financial Reporting Standards and in the manner required by the Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Board and of the operating results of the Group. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequacy of internal financial controls.

Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

A. O. Otieno

Signed.....

J. Mbai

Signed.....



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA SUGAR BOARD FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of Kenya Sugar Board for the year ended 30 June 2005 in accordance with the provisions of Section 14 of Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Directors and Controller and Auditor General

As set out in the statement of directors' responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Board's state of affairs and of its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

Comments

1. Financial Position

During the year under review, the board realized a deficit of Kshs.190,976,695 (2004 – Kshs.58,322) which brought its accumulated deficit to Kshs.191,035,017. The unfavourable result is mainly attributed to increased staff, professional, directors, marketing and publicity costs from Kshs.96,192,313 in the previous to

Kshs.236,922,020 during the year, an increase of 146%. The financial statements have therefore been prepared on the going concern basis which assumes continued financial support from Sugar Development Fund and creditors.

2. Imprest and advances Kshs.9,100.315

Included in the balance sheet debtors and prepayments figure of Kshs.13,817,727 as at 30 June 2005 are staff imprest and advances amounting to Kshs.9,100,315 due from employees who have since left the board. There was no evidence of action being taken by the management to recover these debts. Any provision that would have been necessary in relation to this uncertainty has not been incorporated in the financial statements.

3. Unauthorized Over expenditure Kshs.22,687,009

During the year under review, the board incurred an over expenditure of Kshs.22,687,009 in the following two expenditure items without the board and Treasury approval.

| <u>Item</u> | <u>Budgeted Figure</u> | <u>Actual Expenditure</u> | <u>Over Expenditure</u> |
|--------------------|--------------------------|---------------------------|--------------------------|
| | (Kshs) | (Kshs). | (Kshs) |
| Legal fees | 14,620,940 | 30,149,826 | 15,528,886 |
| Directors expenses | <u>9,568,837</u> | <u>16,726,960</u> | <u>7,158,123</u> |
| Total | <u>24,189,777</u> | <u>46,876,786</u> | <u>22,687,009</u> |

No satisfactory explanations were given for exceeding the budgetary provisions. It was therefore, not possible to confirm the propriety of the over-expenditure amount of Kshs.22,687,009 as reflected in the financial statements.

4. Creditors and Accruals

Included in the balance sheet creditors figure of Kshs.19,428,715 is an amount of Kshs.7,714,140 with no supporting documentation and thus making it impossible to confirm the accuracy and completeness of the creditors and accruals figure of Kshs.19,428,715 in the absence of adequate supporting records and documentation.

Opinion

In my opinion, except for the matters referred to in the preceding paragraphs, proper books of accounts have been kept and the financial statements give a true and fair view of the state of financial affairs of the board as at 30 June 2005

KENYA SUGAR BOARD

STATEMENT OF INCOME & EXPENDITURE

FOR PERIOD ENDED 30TH JUNE 2005

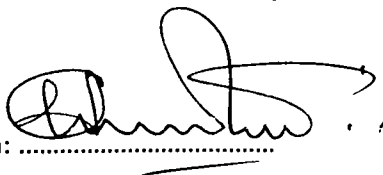
| | Note | 30.06.05 <u>KSHS</u> | 30.06.04 <u>KSHS</u> |
|---------------------------------------|------|----------------------------|---------------------------|
| Grant from SDF | - 1 | 85,731,805 | 94,142,049 |
| Other Income | | | |
| Interest income | 2 | 3,265,361 | 15,976,720 |
| Miscellaneous income | 3 | <u>2,543,086</u> | <u>3,008,958</u> |
| Total Income | | 91,540,252 | 113,127,727 |
| | | | |
| Staff costs | 4 | 110,990,331 | 66,258,099 |
| Directors' expenses | 5 | 29,512,206 | 8,920,168 |
| Motor vehicle expense | 6 | 8,516,139 | 3,427,535 |
| Communication expense | 7 | 8,459,741 | 6,409,966 |
| Travel | 8 | 19,170,803 | 4,835,890 |
| Marketing & Publicity | 9 | <u>44,368,688</u> | <u>6,478,354</u> |
| Total Operating Expenses | | 221,017,908 | 96,330,012 |
| | | | |
| Establishment costs | 10 | 5,595,456 | 3,145,645 |
| Entertainment | 11 | 2,651,532 | 2,072,954 |
| Premises expenses | 12 | 9,361,810 | 10,303,684 |
| Professional fees | 13 | 32,879,992 | 9,699,802 |
| Insurance | 14 | 755,018 | 615,188 |
| Depreciation | 15 | <u>9,669,103</u> | <u>11,497,235</u> |
| Total Administrative Expenses | | 60,912,912 | 37,334,508 |
| | | | |
| | | <u>281,930,820</u> | <u>133,664,520</u> |
| Operating Surplus / (loss) | | -190,390,569 | -20,536,793 |
| Finance Costs | 16 | <u>4,497,588</u> | <u>451,679</u> |
| | | | |
| Operating surplus / (loss) | | <u>-194,888,157</u> | <u>-20,988,472</u> |
| | | | |
| Add Write back | 17 | <u>3,911,462</u> | <u>2,700,000</u> |
| Net operating surplus / (loss) | | <u>-190,976,695</u> | <u>-18,288,472</u> |

KENYA SUGAR BOARD

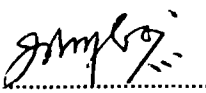
BALANCE SHEET AS AT 30TH JUNE 2005

| | <u>Note</u> | <u>30.06.05</u> <u>KSHS</u> | <u>30.06.04</u> <u>KSHS</u> |
|-------------------------------------|-------------|--------------------------------|--------------------------------|
| <u>LONG TERM ASSETS</u> | | | |
| Fixed Assets | 18 | 267,928,825 | 275,474,298 |
| <u>CURRENT ASSETS</u> | | | |
| Stores | 19 | 2,740,224 | 2,500,804 |
| Debtors and Prepayments | 20 | 13,817,727 | 10,651,023 |
| Short term Deposits | 21 | 88,610,171 | 75,344,811 |
| Cash and Bank | 22 | <u>206,198</u> | <u>110,432,385</u> |
| Total Current Assets | | 105,374,320 | 198,929,023 |
| <u>CURRENT LIABILITIES</u> | | | |
| Bank Overdraft | 22 | 10,113,700 | 0 |
| Creditors and Accruals | 23 | <u>19,428,715</u> | <u>25,696,350</u> |
| Total Current Liabilities | | 29,542,416 | 25,696,350 |
| NET CURRENT ASSETS | | 75,831,904 | 173,232,673 |
| NET ASSETS | | <u>343,760,730</u> | <u>448,706,971</u> |
| FINANCED BY : | | | |
| Capital Reserves | | 6,900,000 | 6,900,000 |
| Revaluation Reserves | | 4,898,000 | 4,898,000 |
| Term Loan (SDF) for KSB hqs | | 118,635,558 | 118,635,557 |
| Inter-Company Account | 24 | 404,362,189 | 318,331,736 |
| Accumulated Reserves | | -58,322 | 18,230,150 |
| Surplus / (Deficit) for the Period | | <u>-190,976,695</u> | <u>-18,288,472</u> |
| | | <u>343,760,730</u> | <u>448,706,971</u> |

The Accounts were noted and approved by the Board of Directors
of the Board on 30th Sept. 2005 and signed on their behalf by:

Sign: 

Andrew O. Otieno
CHIEF EXECUTIVE OFFICER

Sign: 

Joseph Mbai
CHAIRMAN

KENYA SUGAR BOARD

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30TH JUNE 2005

| | <u>30.06.05</u> <u>KSHS</u> | <u>30.06.04</u> <u>KSHS</u> |
|---|--------------------------------|--------------------------------|
| NET CASH FROM/(USED IN) OPERATING ACTIVITIES | <u>-104,950,896</u> | <u>161,523,948</u> |
| INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | -2,123,631 | -6,578,014 |
| Purchase/Realisation of Securities | -13,265,360 | -59,432,269 |
| Net cash used in Investing activities | <u>-15,388,991</u> | <u>-66,010,283</u> |
| FINANCING ACTIVITIES | | |
| Net Cash flows from Financing Activities | 0 | 0 |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | <u>-120,339,887</u> | <u>95,513,665</u> |
| CASH AND CASH EQUIVALENTS B/F | <u>110,432,385</u> | <u>14,918,720</u> |
| CASH AND CASH EQUIVALENTS C/F | <u>-9,907,502</u> | <u>110,432,385</u> |

RECONCILIATION OF CASH FROM/(USED IN) OPERATING ACTIVITIES BEFORE TAX

| | | |
|--------------------------------------|----------------------------|---------------------------|
| Operating Surplus | -190,976,695 | -18,288,472 |
| Add back Depreciation for the period | 9,669,103 | 11,497,236 |
| Changes in Working capital: | | |
| Decrease /(Increase) In Stores | -239,420 | -851,066 |
| Decrease /(Increase) In Debts | -3,166,704 | -1,466,419 |
| (Decrease)/ Increase In Creditors | 79,762,819 | 170,632,669 |
| | <u>-104,950,896</u> | <u>161,523,948</u> |



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA SUGAR BOARD FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of Kenya Sugar Board for the year ended 30 June 2005 in accordance with the provisions of Section 14 of Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Directors and Controller and Auditor General

As set out in the statement of directors' responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Board's state of affairs and of its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

Comments

1. Financial Position

During the year under review, the board realized a deficit of Kshs.190,976,695 (2004 – Kshs.58,322) which brought its accumulated deficit to Kshs.191,035,017. The unfavourable result is mainly attributed to increased staff, professional, directors, marketing and publicity costs from Kshs.96,192,313 in the previous to

Kshs.236,922,020 during the year, an increase of 146%. The financial statements have therefore been prepared on the going concern basis which assumes continued financial support from Sugar Development Fund and creditors.

2. Imprest and advances Kshs.9,100.315

Included in the balance sheet debtors and prepayments figure of Kshs.13,817,727 as at 30 June 2005 are staff imprest and advances amounting to Kshs.9,100,315 due from employees who have since left the board. There was no evidence of action being taken by the management to recover these debts. Any provision that would have been necessary in relation to this uncertainty has not been incorporated in the financial statements.

3. Unauthorized Over expenditure Kshs.22,687,009

During the year under review, the board incurred an over expenditure of Kshs.22,687,009 in the following two expenditure items without the board and Treasury approval.

| <u>Item</u> | <u>Budgeted Figure</u> | <u>Actual Expenditure</u> | <u>Over Expenditure</u> |
|--------------------|----------------------------|-------------------------------|-----------------------------|
| | (Kshs) | (Kshs). | (Kshs) |
| Legal fees | 14,620,940 | 30,149,826 | 15,528,886 |
| Directors expenses | 9,568,837 | 16,726,960 | 7,158,123 |
| Total | <u>24,189,777</u> | <u>46,876,786</u> | <u>22,687,009</u> |

No satisfactory explanations were given for exceeding the budgetary provisions. It was therefore, not possible to confirm the propriety of the over-expenditure amount of Kshs.22,687,009 as reflected in the financial statements.

4. Creditors and Accruals

Included in the balance sheet creditors figure of Kshs.19,428,715 is an amount of Kshs.7,714,140 with no supporting documentation and thus making it impossible to confirm the accuracy and completeness of the creditors and accruals figure of Kshs.19,428,715 in the absence of adequate supporting records and documentation.

Opinion

In my opinion, except for the matters referred to in the preceding paragraphs, proper books of accounts have been kept and the financial statements give a true and fair view of the state of financial affairs of the board as at 30 June 2005

and of its deficit and cash flows for the year then ended and comply with the Sugar Act, 2001 of Laws of Kenya.



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi

14 June 2006

KENYA SUGAR BOARD

STATEMENT OF INCOME & EXPENDITURE

FOR PERIOD ENDED 30TH JUNE 2005

| | Note | 30.06.05 <u>KSHS</u> | 30.06.04 <u>KSHS</u> |
|---------------------------------------|------|----------------------------|---------------------------|
| Grant from SDF | 1 | 85,731,805 | 94,142,049 |
| Other Income | | | |
| Interest income | 2 | 3,265,361 | 15,976,720 |
| Miscellaneous income | 3 | <u>2,543,086</u> | <u>3,008,958</u> |
| Total Income | | 91,540,252 | 113,127,727 |
| | | | |
| Staff costs | 4 | 110,990,331 | 66,258,099 |
| Directors' expenses | 5 | 29,512,206 | 8,920,168 |
| Motor vehicle expense | 6 | 8,516,139 | 3,427,535 |
| Communication expense | 7 | 8,459,741 | 6,409,966 |
| Travel | 8 | 19,170,803 | 4,835,890 |
| Marketing & Publicity | 9 | <u>44,368,688</u> | <u>6,478,354</u> |
| Total Operating Expenses | | 221,017,908 | 96,330,012 |
| | | | |
| Establishment costs | 10 | 5,595,456 | 3,145,645 |
| Entertainment | 11 | 2,651,532 | 2,072,954 |
| Premises expenses | 12 | 9,361,810 | 10,303,684 |
| Professional fees | 13 | 32,879,992 | 9,699,802 |
| Insurance | 14 | 755,018 | 615,188 |
| Depreciation | 15 | <u>9,669,103</u> | <u>11,497,235</u> |
| Total Administrative Expenses | | 60,912,912 | 37,334,508 |
| | | | |
| | | <u>281,930,820</u> | <u>133,664,520</u> |
| Operating Surplus / (loss) | | -190,390,569 | -20,536,793 |
| Finance Costs | 16 | <u>4,497,588</u> | <u>451,679</u> |
| | | | |
| Operating surplus / (loss) | | <u>-194,888,157</u> | <u>-20,988,472</u> |
| | | | |
| Add Write back | 17 | <u>3,911,462</u> | <u>2,700,000</u> |
| Net operating surplus / (loss) | | <u>-190,976,695</u> | <u>-18,288,472</u> |

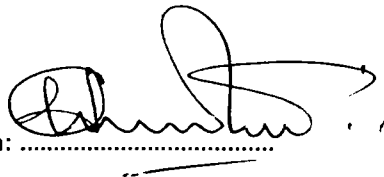
KENYA SUGAR BOARD

BALANCE SHEET AS AT 30TH JUNE 2005

| | <u>Note</u> | <u>30.06.05</u> <u>KSHS</u> | <u>30.06.04</u> <u>KSHS</u> |
|-------------------------------------|-------------|--------------------------------|--------------------------------|
| <u>LONG TERM ASSETS</u> | | | |
| Fixed Assets | 18 | 267,928,825 | 275,474,298 |
| <u>CURRENT ASSETS</u> | | | |
| Stores | 19 | 2,740,224 | 2,500,804 |
| Debtors and Prepayments | 20 | 13,817,727 | 10,651,023 |
| Short term Deposits | 21 | 88,610,171 | 75,344,811 |
| Cash and Bank | 22 | <u>206,198</u> | <u>110,432,385</u> |
| Total Current Assets | | 105,374,320 | 198,929,023 |
| <u>CURRENT LIABILITIES</u> | | | |
| Bank Overdraft | 22 | 10,113,700 | 0 |
| Creditors and Accruals | 23 | <u>19,428,715</u> | <u>25,696,350</u> |
| Total Current Liabilities | | 29,542,416 | 25,696,350 |
| NET CURRENT ASSETS | | 75,831,904 | 173,232,673 |
| NET ASSETS | | <u>343,760,730</u> | <u>448,706,971</u> |
| FINANCED BY : | | | |
| Capital Reserves | | 6,900,000 | 6,900,000 |
| Revaluation Reserves | | 4,898,000 | 4,898,000 |
| Term Loan (SDF) for KSB hqs | | 118,635,558 | 118,635,557 |
| Inter-Company Account | 24 | 404,362,189 | 318,331,736 |
| Accumulated Reserves | | -58,322 | 18,230,150 |
| Surplus / (Deficit) for the Period | | <u>-190,976,695</u> | <u>-18,288,472</u> |
| | | <u>343,760,730</u> | <u>448,706,971</u> |

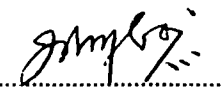
The Accounts were noted and approved by the Board of Directors

of the Board on 30th Sept. 2005 and signed on their behalf by:

Sign: 

Andrew O. Otieno

CHIEF EXECUTIVE OFFICER

Sign: 

Joseph Mbai

CHAIRMAN



KENYA SUGAR BOARD

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30TH JUNE 2005

| | <u>30.06.05</u> <u>KSHS</u> | <u>30.06.04</u> <u>KSHS</u> |
|---|--------------------------------|--------------------------------|
| NET CASH FROM/(USED IN) OPERATING ACTIVITIES | <u>-104,950,896</u> | <u>161,523,948</u> |
| INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | -2,123,631 | -6,578,014 |
| Purchase/Realisation of Securities | <u>-13,265,360</u> | <u>-59,432,269</u> |
| Net cash used in Investing activities | <u>-15,388,991</u> | <u>-66,010,283</u> |
| FINANCING ACTIVITIES | | |
| Net Cash flows from Financing Activities | 0 | 0 |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | -120,339,887 | 95,513,665 |
| CASH AND CASH EQUIVALENTS B/F | <u>110,432,385</u> | <u>14,918,720</u> |
| CASH AND CASH EQUIVALENTS C/F | <u>-9,907,502</u> | <u>110,432,385</u> |

RECONCILIATION OF CASH FROM/(USED IN) OPERATING ACTIVITIES BEFORE TAX

| | | |
|---|----------------------------|---------------------------|
| Operating Surplus | -190,976,695 | -18,288,472 |
| Add back Depreciation for the period | 9,669,103 | 11,497,236 |
| Changes in Working capital: | | |
| Decrease /(Increase) In Stores | -239,420 | -851,066 |
| Decrease /(Increase) In Debts | -3,166,704 | -1,466,419 |
| (Decrease)/ Increase In Creditors | 79,762,819 | 170,632,669 |
| | <u>-104,950,896</u> | <u>161,523,948</u> |

KENYA SUGAR BOARD

RESERVES MOVEMENT SCHEDULE

| | CAPITAL RESERVES KSHS | REVALUATION RESERVES KSHS | ACCUMULATED RESERVES KSHS | REVENUE RESERVES KSHS | TOTAL RESERVES KSHS |
|-----------------------------------|-----------------------------|---------------------------------|---------------------------------|-----------------------------|---------------------------|
| Balance B/F July 2004 | 6,900,000 | 4,898,000 | 18,230,149 | (18,288,472) | 11,739,677 |
| Transfers to Accumulated Reserves | 0 | 0 | (18,288,472) | 18,288,472 | 0 |
| Additions during the Year | - 0 | 0 | 0 | (190,976,695) | (190,976,695) |
| Balance C/F June 2005 | <u>6,900,000</u> | <u>4,898,000</u> | <u>(58,323)</u> | <u>(190,976,695)</u> | <u>(179,237,018)</u> |

The Capital Reserves comprise of the value of the Board's Kabete plot L.R.No.21705

Revenue reserves is the net surplus after expenditures of the Board, as in the income statement. It is from these reserves that accumulated reserves are built.

Accumulated reserves is a built-up of revenue reserves over the years.

Revaluation reserves are as a result of revaluation of the Board's motor vehicles .

KENYA SUGAR BOARD
Analysis of Income & Expenditure

| Note | PERIOD 30.06.05 <u>KSHS</u> | PERIOD 30.06.04 <u>KSHS</u> |
|------------------------------------|-----------------------------------|-----------------------------------|
| INCOME | | |
| 1 Levy Income | | |
| Grant from SDF | 84,834,305 | 93,962,611 |
| Receipts from molasses levy | 897,500 | 179,438 |
| | 85,731,805 | 94,142,049 |
| 2 Interest Income | | |
| Interest income on loans | 0 | 14,544,453 |
| Interest income on deposits | 3,265,361 | 1,432,267 |
| | 3,265,361 | 15,976,720 |
| 3 Miscellaneous income | 2,543,086 | 3,008,958 |
| OPERATING EXPENSES | | |
| 4 Staff costs | | |
| Basic Pay | 51,376,753 | 14,988,624 |
| House Allowance | 23,217,097 | 21,234,000 |
| Entertainment Allowance | 1,288,387 | 1,319,000 |
| Other Allowances | 6,494,636 | 5,438,867 |
| Passage & Leave Expenses | 1,007,637 | 2,447,422 |
| Company NSSF Contribution | 201,600 | 189,200 |
| Company Pension Contribution | 10,581,565 | 3,105,795 |
| Company Gratuity Contribution | 725,400 | 725,400 |
| Responsibility Allowance | 1,159,548 | 1,256,500 |
| Utilities | 3,469,423 | 2,937,000 |
| Uniform & clothing | 362,390 | 293,852 |
| Office beverage | 595,589 | 759,506 |
| Training | 618,037 | 910,184 |
| Medical expense | 8,498,701 | 8,692,135 |
| Workmans compensation | 161,675 | 441,156 |
| GPA insurance | 1,231,894 | 746,383 |
| Staff welfare expense | 0 | 108,338 |
| Ex gratia expense | 0 | 1,865 |
| Compensation for use of vehicle | 0 | 662,872 |
| | 110,990,331 | 66,258,099 |
| 5 Directors' expenses | | |
| Travelling & accomodation | 11,184,762 | 4,810,336 |
| Expenses on Conference & meetings | 11,368,284 | 3,990,922 |
| Directors' insurance | 158,461 | 118,910 |
| Director's Election | 6,800,698 | 0 |
| | 29,512,206 | 8,920,168 |
| 6 Motor vehicle expense | | |
| Fuel | 3,935,631 | 1,455,226 |
| Oils & Greases | 630 | 0 |
| Tyres & Tubes | 65,662 | 4,697 |
| Motor vehicle maintenance | 3,225,987 | 1,195,546 |
| Toll charges | 18,730 | 12,760 |
| Road licences | 95,650 | 29,750 |
| Motor vehicle insurance | 1,171,749 | 729,556 |
| Rates - parking fees | 2,100 | 0 |
| | 8,516,139 | 3,427,535 |
| 7 Communication expense | | |
| Telephone expense | 7,977,547 | 5,884,751 |
| Postage & telegrams | 482,194 | 525,215 |
| | 8,459,741 | 6,409,966 |
| 8 Travel | | |
| Travel - employees | 17,263,013 | 4,835,740 |
| Travel - others | 1,907,790 | 150 |
| | 19,170,803 | 4,835,890 |
| 9 Marketing & Publicity | | |
| Expenses on Conference & meetings | 9,449,118 | 3,219,740 |
| Publicity | 5,973,666 | 2,829,784 |
| ASK show expenses | 4,119,114 | 183,830 |
| Donations | 100,000 | 245,000 |
| International Sugar organization | 2,606,898 | 0 |
| Local Industry expenses | 22,119,892 | 0 |
| | 44,368,688 | 6,478,354 |



KENYA SUGAR BOARD

Analysis of Income & Expenditure

| Note | PERIOD 30.06.05 KSHS | PERIOD 30.06.04 KSHS |
|---------------------------------------|----------------------------|----------------------------|
| ADMINISTRATIVE EXPENSES | | |
| 10 Establishment costs | | |
| Stationery expenses | 4,785,700 | 2,457,369 |
| Books & periodicals | 162,873 | 263,475 |
| Newspapers | 646,884 | 424,801 |
| | 5,595,456 | 3,145,645 |
| 11 Entertainment | | |
| Official entertainment | 2,565,612 | 1,956,184 |
| Members' clubs | 85,920 | 116,770 |
| | 2,651,532 | 2,072,954 |
| 12 Premises expenses | | |
| Electricity | 1,027,210 | 980,967 |
| Water | 124,407 | 793,316 |
| Rents | 793,500 | 1,033,700 |
| Rates | 0 | 558,025 |
| Maintenance plant & equipment | 1,001,966 | 813,422 |
| Maintenance of buildings & stations | 870,572 | 1,058,505 |
| Hire of security services | 4,203,019 | 3,569,364 |
| Miscellaneous | 816,812 | 943,616 |
| Fixed assets expensed | 150,524 | 306,369 |
| Compound maintenance | 373,800 | 246,400 |
| | 9,361,810 | 10,303,684 |
| 13 Professional fees | | |
| Audit fees | 500,000 | 240,000 |
| Other professional fees & commissions | 230,130 | 327,780 |
| Consultancy | 2,000,000 | 1,212,690 |
| Legal fees | 30,149,862 | 7,919,332 |
| | 32,879,992 | 9,699,802 |
| 14 Insurance | | |
| Money, fire & perils insurance | 649,610 | 540,585 |
| Office equipment insurance | 89,184 | 65,761 |
| Domestic package insurance | 9,785 | 7,506 |
| Other insurance | 6,439 | 1,336 |
| | 755,018 | 615,188 |
| 15 Depreciation | | |
| Depreciation - Buildings | 5,418,374 | 5,777,191 |
| Depreciation - Motor Vehicles | 1,715,950 | 2,371,781 |
| Depreciation - Office Equipment | 542,984 | 573,841 |
| Depreciation - Office Furniture | 374,832 | 425,956 |
| Depreciation - Furniture & Fittings | 577,825 | 657,026 |
| Depreciation - House Furniture | 67,163 | 76,757 |
| Depreciation - Computers | 964,621 | 1,607,961 |
| Depreciation - Farm Equipment | 7,356 | 6,722 |
| | 9,669,103 | 11,497,235 |
| 16 Finance Charges | | |
| Bank charges | 106,986 | 64,720 |
| Interest on bank O/D | 432,471 | 0 |
| Interest subsidy on staff car loans | 0 | 386,959 |
| Other interest | 3,958,131 | 0 |
| | 4,497,588 | 451,679 |
| 17 Write Back | | |
| Accrued expenses | -1,220,000 | -2,700,000 |
| Accrued ex-gratia expenses | -320,000 | |
| Accrued leave expenses | -1,224,322 | |
| General accruals | -1,124,426 | |
| Returned salary | -22,714 | |
| | -3,911,462 | -2,700,000 |
| TOTAL EXPENSES | 282,516,946 | 131,416,199 |

The prior period adjustments is a reversal of accruals made based on expected expenditures in the previous accounting periods dating back to the year 1998 and have never materialised.



KENYA SUGAR BOARD

Notes to the Financial Statements for the Year Ended 30 June 2005

1. Significant Accounting Policies

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which comprise standards and interpretations approved by the International Accounting Standards Board (IASB). The principal accounting policies adopted are set out below:

a) Basis of Preparation

The financial statements are prepared on the historical cost basis of accounting modified to include the revaluation of certain assets.

b) Revenue recognition

SDL revenue is recognized on the basis of sales by millers. SDL is shared among benefiting components on receipt of levy funds from the collecting agent, Kenya Revenue Authority (KRA).

c) Income Recognition

Interest income is recognized in the income and expenditure account for all interest bearing instruments on an accrual basis.

Other income earned by the Fund is recognized as it accrues.

d) Property, plant and equipment

Property, plant and equipment are stated at cost or at professionally revalued amounts less accumulated depreciation.

Property, plant and equipment are periodically reviewed for impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount. Gains and losses on disposal of property and equipment are



determined by reference to their carrying amount repairs and renewals are charged to income statement when the expenditure is incurred.

Increases in the carrying amount arising on revaluation surplus; all other decreases are charged to the income statement.

- e) Depreciation is calculated on the straight-line method to write off the cost or the revalued amount of each asset to its estimated residual value over its estimated useful life. The annual rates used are:

| | |
|------------------------|-------|
| Motor vehicles | 25% |
| Office equipment | 12.5% |
| Furniture & Fittings | 12.5% |
| Computer hardware | 40% |
| Buildings | 2.5% |
| Leasehold improvements | 12.5% |

f) Provisions For Contingent Liability

Provisions are recognized when the Board has a present legal or constructive obligation as a result of past events, for which is probable that an out flow of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

- g) Employee entitlement to annual leave is recognized when they accrue to employees. A provision is made for estimate liability for annual leave as a result of service rendered by the employees up to the balance sheet date.

h) Grant income

Kenya Sugar Board revenues comprises mainly of grant from SDF. This grant is mandated as per SDF operational manual where KSB is entitled to 1.5/7.0 after 15 % of gross levy appropriated as prescribed reserve.

i) Stocks and stores

Board's stocks and stores mainly consists items of office stationery and other consumable stores. They are stated at cost net of provisions for stock obsolescence where applicable.



j) Retirement contribution scheme

The Company operates a defined contribution scheme for all employees. The assets of the scheme are held and administered independently of the company assets. The scheme is funded by contributions from both employer and employee in ratio of 15% and 5% respectively.

j) Service Gratuity

The Board also runs a service gratuity scheme for the chief executive. This is provided for at 31% of salary and is payable at the end of three years contract.

K) Taxation

The Board is exempted from paying corporation taxation. Other taxation obligations are raised mainly from VAT and Withholding taxes are provided for using the prevailing tax rates

l) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.



KENYA SUGAR BOARD

Note 18
FIXED ASSETS SCHEDULE FOR THE PERIOD ENDED 30TH JUNE 2005

| Depreciation Rates (P.A) | 2.5% | | 25% | | 12.5% | | 12.5% | | 12.5% | | 40% | | 12.5% | | TOTALS KSHS |
|--------------------------------------|--------------------|---------------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------|----------------------------------|-------------------------------|-------------------|-------------------|--------------------|----------------|-------|--|----------------|
| | BUILDINGS KSHS | MOTOR VEHICLES KSHS | OFFICE EQUIPMENT KSHS | OFFICE FURNITURE KSHS | FIXTURES AND FITTINGS KSHS | HOUSE FURNITURE KSHS | LAND AND IMPROVEMENTS KSHS | KABETE ACCESS ROAD KSHS | COMPUTERS KSHS | EQUIPMENT KSHS | FARM KSHS | TOTALS KSHS | | | |
| COST | | | | | | | | | | | | | | | |
| As At 01.07.04 | 225,044,908 | 29,193,098 | 10,737,668 | 8,087,994 | 10,554,030 | 1,274,708 | 7,336,181 | 31,475,024 | 8,120,901 | 60,033 | 332,884,545 | | | | |
| Additions during the period | 0 | 0 | 1,146,840 | 32,650 | 140,500 | 0 | 0 | 0 | 785,955 | 17,866 | 2,123,631 | | | | |
| As At 30.06.05 | 225,044,908 | 29,193,098 | 11,884,508 | 8,120,644 | 10,694,530 | 1,274,708 | 7,336,181 | 31,475,024 | 9,906,856 | 77,719 | 335,008,176 | | | | |
| DEPRECIATION | | | | | | | | | | | | | | | |
| As At 01.07.04 | 8,309,957 | 24,034,144 | 6,551,281 | 5,100,674 | 5,954,849 | 737,406 | 0 | 0 | 6,708,960 | 12,975 | 57,410,247 | | | | |
| Depreciation charge for the period | 5,418,374 | 1,715,950 | 542,984 | 374,832 | 577,825 | 67,163 | 0 | 0 | 964,621 | 7,356 | 9,669,103 | | | | |
| As At 30.06.05 | 13,728,331 | 25,750,094 | 7,094,265 | 5,475,506 | 6,532,674 | 804,569 | 0 | 0 | 7,673,581 | 20,331 | 67,079,350 | | | | |
| Net Book Value as at 30.06.05 | 211,316,577 | 3,443,004 | 4,790,243 | 2,645,138 | 4,161,856 | 470,139 | 7,336,181 | 31,475,024 | 2,233,275 | 57,386 | 267,928,825 | | | | |
| Net Book Value as at 30.06.04 | 216,734,950 | 5,158,954 | 4,186,367 | 2,987,320 | 4,599,181 | 537,302 | 7,336,181 | 31,475,024 | 2,411,941 | 47,058 | 275,474,298 | | | | |

KENYA SUGAR BOARD

Note 19

STORES

| | 30.06.05 | 30.06.04 |
|-----------------|-------------------------|-------------------------|
| | <u>KSHS</u> | <u>KSHS</u> |
| Nairobi Office | 2,465,661 | 2,267,594 |
| Kisumu Office | 155,129 | 141,041 |
| Kakamega Office | 119,434 | 92,170 |
| | <u>2,740,224</u> | <u>2,500,804</u> |

The stores items are valued at historical cost and comprises of stationery and consumables.

Note 20

DEBTORS AND PREPAYMENTS

| | 30.06.05 | 30.06.04 |
|------------------|--------------------------|--------------------------|
| | <u>KSHS</u> | <u>KSHS</u> |
| Imprests | 9,205,147 | 8,443,167 |
| Staff advances | 2,302,052 | 1,479,249 |
| Prepaid expenses | 543,268 | 278,607 |
| Other debtors | 1,767,261 | 450,000 |
| | <u>13,817,727</u> | <u>10,651,023</u> |

Note 22

CASH AND BANK BALANCES 30TH JUNE 2005

| | 30.06.05 | 30.06.04 |
|-------------|--------------------------|---------------------------|
| | <u>KSHS</u> | <u>KSHS</u> |
| NBK HILL BR | -10,113,700 | 110,427,069 |
| CASH | 206,198 | 5,316 |
| | <u>-9,907,502</u> | <u>110,432,385</u> |

KSB SHORT TERM DEPOSITS

DATE:- **30.06.2005**

| DATE INVESTED | MATURITY DATE | F. D. R. NO. | PRINCIPAL AMOUNT KSHS | INTEREST RATE % | NO. OF DAYS | GROSS INTEREST KSHS | WITHHOLDING TAX @15% | NET INTEREST KSHS | AMOUNT WITHDRAWN KSHS | AMOUNT REINVESTED KSHS | CURRENT VALUE OF INVESTMENT | 30.06.05 | 30.06.04 |
|---------------|---------------|---------------|-----------------------|-----------------|-------------|---------------------|----------------------|-------------------|-----------------------|------------------------|-----------------------------|----------|-------------------|
| 01.07.03 | 31.12.3 | 005735 | 13,624,138 | 0.030 | 730 | 817,448 | 122,617 | 694,831 | | | 14,318,969 | | 13,971,554 |
| 01.07.03 | 31.12.3 | 005737 | 2,288,406 | 0.030 | 730 | 137,304 | 20,596 | 116,709 | | | 2,405,115 | | 2,346,760 |
| 01.07.03 | 12.01.5 | 0131831599911 | 40,000,000 | 0.035 | 438 | 1,682,603 | 252,390 | 1,430,213 | | 41,430,213 | 0 | 0 | 0 |
| 12.01.5 | 12.04.5 | 0131831599911 | 41,430,213 | 0.045 | 90 | 459,705 | 68,956 | 390,749 | | 41,820,962 | 0 | 0 | 40,772,685 |
| 12.04.5 | 12.07.5 | 0131831599911 | 41,820,962 | 0.045 | 79 | 407,325 | 61,099 | 346,226 | | | 42,167,188 | | |
| 01.07.03 | 21.10.04 | 0131831599909 | 18,000,000 | 0.035 | 288 | 497,767 | 74,665 | 423,102 | | 18,423,102 | 0 | 0 | 0 |
| 21.10.04 | 21.01.05 | 0131831599909 | 18,423,102 | 0.035 | 92 | 162,527 | 24,379 | 138,148 | | 18,561,250 | 0 | 0 | 0 |
| 21.01.05 | 21.04.05 | 0131831599909 | 18,561,250 | 0.045 | 90 | 205,954 | 30,893 | 175,061 | | 18,736,311 | 0 | 0 | 0 |
| 21.04.05 | 21.07.05 | 0131831599909 | 18,736,311 | 0.045 | 70 | 161,697 | 24,255 | 137,442 | | | 18,873,753 | | 18,253,812 |
| 07.10.04 | 05.01.05 | | 60,000,000 | 0.035 | 90 | 517,808 | 77,671 | 440,137 | 30,000,000 | 30,440,137 | 0 | 0 | 0 |
| 05.01.05 | 19.04.05 | | 30,440,137 | 0.045 | 101 | 380,933 | 57,140 | 323,793 | 20,000,000 | 10,763,990 | 0 | 0 | 0 |
| 19.04.05 | 19.07.05 | | 10,763,990 | 0.045 | 72 | 95,548 | 14,332 | 81,216 | | | 10,845,146 | | 0 |
| TOTAL | | | 314,088,449 | | | 5,526,621 | 828,993 | 4,697,628 | 50,000,000 | 180,175,905 | 88,610,171 | | 75,344,811 |

All the above deposits are held at the National Bank of Kenya (Hill Branch)

less interest income for 2003/04

1,432,267

Interest income for 2004/05

3,265,360



KENYA SUGAR BOARD

Note23

| CREDITORS AND ACCRUALS | 30.06.05 <u>KSHS</u> | 30.06.04 <u>KSHS</u> |
|--|--------------------------|--------------------------|
| Audit Fees | 810,000 | 940,000 |
| Retrenchment | 793,364 | 793,364 |
| Miscellaneous | 33,658 | 26,670 |
| Official Entertainment | 187,065 | 18,225 |
| Directors expenses | 357,358 | 0 |
| Conferences ,Meetings & Others | 1,382,348 | 0 |
| Office tea and/ beverages | 43,200 | 0 |
| Staff travel and accomodation expenses | 802,419 | 0 |
| Telephone | 622,862 | 891,008 |
| Fuels & Oils | 337,865 | 12,238 |
| Medical Expenses | 1,481,634 | 931,477 |
| Accrued Expenses (as per Budget) | - | 1,220,000 |
| Accrued Ex-gratia Expenses | - | 320,000 |
| Maintenance Works | 122,447 | 278,118 |
| Newspapers | 23,212 | 17,920 |
| Books & Periodicals | - | 850 |
| Members Clubs | - | 4,250 |
| Accrued Leave days | - | 1,224,322 |
| Accrued Gratuity for CE | 1,450,800 | 725,400 |
| Hire of Security Services | 214,188 | 513,250 |
| Staff Pension (Retirement Benefits) | 2,120,544 | 3,183,077 |
| Company pension contribution | 1,553,526 | 0 |
| Tax Provision on Retrenchment | 2,077,879 | 2,077,879 |
| Motor Vehicle Repairs | 77,216 | 148,042 |
| Staff Personal Claims | 11,943 | 78,216 |
| Returned Salary | 35,681 | 0 |
| Legal Expenses | 57,103 | 7,822,102 |
| Gratuity Provision | 249,788 | 249,788 |
| Local Industry Expenses | 1,894,900 | 0 |
| Postage & Telegrams | 2,262 | 16,402 |
| Water, Electricity & Conservancy | 93,772 | 247,909 |
| Purchase of Stationary | 617,246 | 566,397 |
| VAT WITHHELD | 237,858 | 0 |
| TAX WITHHELD | 1,491,427 | 0 |
| General Accruals | - | 1,124,426 |
| | <u>19,183,566</u> | <u>23,431,330</u> |
| Payroll Clearance | <u>245,150</u> | <u>2,265,020</u> |
| Grand total | <u>19,428,715</u> | <u>25,696,350</u> |

KENYA SUGAR BOARD

Note 24 INTER-COMPANY ACCOUNT

| | 30.06.05 <u>KSHS</u> | 30.06.04 <u>KSHS</u> |
|-------------------------------------|---------------------------|---------------------------|
| Balance B/F 01/07/03 | 318,331,736 | 159,093,450 |
| Additions | 115,011,136 | 397,956,668 |
| Deductions | - 28,980,683 - | - 238,718,382 - |
| Balance C/F 30/06/04 | <u>404,362,189</u> | <u>318,331,736</u> |
| Term Loan from SDF for Headquarters | <u>118,635,558</u> | <u>118,635,557</u> |
| TOTAL BRROWINGS FROM SDF | <u>522,997,747</u> | <u>436,967,293</u> |

The Inter- company Account relates to transactions between Kenya Sugar Board and the Sugar Development Fund.

**The additions are in respect of:

- i) KSB operations paid for through SDF bank accounts
- ii) Transfer of funds from SDF to KSB

**The deductions are in respect of:

- i) KSB money banked in SDF bank account