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Kenya Sugar Authority
and the
Sugar Development Fund

Annual Report
and
Accounts

1996/97





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THE MISSION STATEMENT OF KENYA SUGAR AUTHORITY

The mission of Kenya Sugar Authority is to provide leadership in the development of an efficient and self-sustaining sugar industry in Kenya for the benefit of growers, millers and consumers while contributing to the social and economic development of the country.

WHAT IS THE ENVISAGED ROLE OF KSA IN A LIBERALIZED ECONOMY?

- The role of KSA under the liberalized sugar industry is shifting from that of agency of the government with a high regulatory component to that of representation of the interests of cane growers, millers and others who constitute the major stakeholders in the sugar industry.
- The role of a revamped Kenya Sugar Authority will be to:
 - a) Co-ordinate the activities of the various organizations concerned with the industry both in the private and public sectors;
 - b) Support the general development of outgrower Companies and enable them become effective intermediaries for providing financial assistance and extension services to growers;
 - c) Review, on a regular basis, the economic and financial performance as well as the problems and prospects of the industry;
 - d) Promote the more extensive use of sugar and by-products;
 - e) Promote the manpower development of farmers and employees in the industry through establishment and co-ordination of a central training institute;
 - f) Facilitate dispute arbitration between stakeholders;
 - g) Facilitate negotiations between growers and millers on cane pricing;
 - h) Prepare and/or commission studies and consultancies in respect of any specific or general issue affecting the industry;
 - i) Commission long-term master plans for the rehabilitation, rationalization, marketing and centralization of factories, with due regard to the interest of all parties concerned;
 - j) Collect information and evaluate any fixed investment to be made in the sugar sector by any individual;
 - k) Examine and advise on the operating costs on any organization concerned with the industry.
 - l) Monitor the consumption and production and importation levels with a view to ensuring a viable industry;

COMPANY PROFILE

SHAREHOLDERS

The authority was incorporated in 1973 under the Agriculture Act (Cap 318) with a shareholding limited by guarantee with the Kenya Government as the only shareholder.

REGISTERED OFFICE

Kenya Sugar Authority
N. S. S. F Building
Bishops road
P. O. Box 51500
NAIROBI, KENYA

BANKERS

National Bank of Kenya Limited
Kenya Commercial Bank Limited

AUDITORS

Auditor General (Corporations)

ADVOCATES

Wetangula & Company Advocates
Hayanga & Company Advocates

COMPANY SECRETARY

Ms R. A Mkok

SENIOR MANAGEMENT AS AT 30th JUNE 1997

Chief Executive
Head of Finance
Head of Sugar Technology
Head of Planning
Head of Agriculture
Secretary/Legal Officer
Human Resources Manager
Regional Manager, Kisumu
Regional Manager, Kakamega
Research Coordinator

Mr. Francis M. Chahonyo
Mr. Austine U Amulyoto
Mr. Edwin Olale Awilly
Mr. Dismus P Nyongesa
Mr. George Nandwa
Ms. Rosemary A Mkok
Ms. Grace O. Ogal
Mr. Moses M. Goga
Mr. Laban Mulehi
Dr. N.C.O. Keya



Kenbreeding is being undertaken to improve yields

**KENYA SUGAR AUTHORITY
BOARD OF DIRECTORS**



Mr. Luke R. Obok
Chairman



Mr. Francis M. Chahonyo
Chief Executive



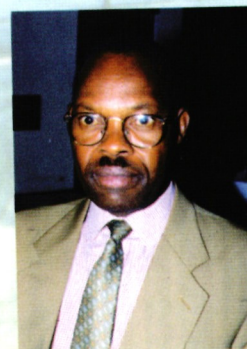
Prof. Karega Mutahi
EBS, P.S., Ministry of
Agriculture



Mr. C. Kagwimi
Alt. to Director of
Agriculture



Mr. D.K. Ameyo
Alt. to Attorney
General



Mr. H.A. Edagwa
Alt. to Com. for
Co-op. Dev.



Mr B.W. Ogutu
Director



Mrs. C.W. Kimura
Alt. to P.S., Treasury



Mr. C.O. Osiemo
Director



Mr. Simeon S. Lesirma
EBS, P.S., Treasury



Mr A. R. Tuikong
Director



Mr. J.N. Brooks
Director (Growers)



Mr. J.O. Onyango
Alt. to P.S., Agriculture



Mr. M.K. Sang
Director

CHAIRMANS REPORT



Mr. Luke R. Obok
Chairman

I feel honoured and quite privileged in presenting the Accounts for Kenya Sugar Authority and the Sugar Development Fund for the year ended 30th June, 1997.

OVERVIEW OF THE FINANCIAL RESULTS

In spite of a decline in Gross Income amounting to Kshs. 3,630,000, and an increase in total expenses by Kshs. 4,897,708, the Authority recorded a surplus of Kshs. 11,301,945 in 1996/97 as compared to the surplus of Kshs. 66,386,558 in the previous year.

The Sugar Development fund recorded a surplus of Kshs. 1,052,026,260 in 1996/97 compared to the recorded surplus of Ksh. 858,089,664 in 1995/96.

OPERATIONS

The Sugar Development Fund continues to play a vital role in the Sugar Industry by availing finances for cane development, factory rehabilitation, improvement of sugar roads, and funding of sugar research and the operations of Kenya Sugar Authority. It is important to note that as a result of the foregoing activities, the sugar industry now enjoys abundant cane in most factory zones and efforts are now being made to rehabilitate/expand the factory capacities to crush available cane.

FUTURE PROSPECTS

The future outlook of the industry is quite promising once the obstacles and challenges posed by liberalization and impending privatization of the sugar industry are taken care of by changes in current policy and relevant legislation that can provide for an effective institutional framework for a vibrant sugar industry. The enactment of the Sugar Bill is under process.

ACKNOWLEDGEMENTS

On behalf of the board, I wish to thank the entire management and the staff of the Kenya Sugar Authority and the Sugar Development Fund for their tireless efforts to make the year such a success.

The continued satisfactory performance of the Authority and the Fund is as a result of the concerted effort of all the stakeholders in the sugar industry whom I sincerely wish to thank on behalf of the Board.

LUKE R. OBOK
CHAIRMAN

REPORT OF THE CHIEF EXECUTIVE



Mr. Francis M. Chahonyo
Chief Executive

1. BACKGROUND

1.1 Kenya is primarily an agricultural country. The importance of agriculture is indicated by the fact that about 80% of the population lives in rural areas. Agriculture also provides employment to nearly 70% of the Nation's workforce. The agricultural sector also serves as the main source of raw materials for the expanding agro-industrial sector and remains by far the largest source of foreign exchange.

1.2 The sugar industry is a major component of the agricultural sector. This is because sugar is a major household food item and key input in the production of industrial foods and beverages.

The Social-Economic and Importance of the Sugar Industry is evidenced in the following:

- It provides direct employment for over 235,000 workers.
- It is a major source of income for over 100,000 small scale farmers who account for over 85% of cane supply.
- It is an effective check on rural urban migration.
- It is the third largest contributor to agricultural gross domestic product (gdp) after coffee and tea.
- Overall the industry supports about 2 million people.
- It is a major foreign exchange saver through import substitution.

1.3 Kenya's sugar industry, the agricultural sector as well as all the other sectors of the economy, are (positively and negatively) being influenced by the implementation of the World Bank - IMF sponsored Structural Adjustment Programmes (SAPs). The main thrust of these programmes has been to reduce the role of government in production and distribution of goods and services so as to encourage the private sector.

SUPPLY AND DEMAND OF SUGAR IN KENYA

The domestic demand for sugar has steadily risen over the years. Consumption of sugar increased from 537,999 tonnes in the 1990 to 560,000 tonnes in 1995. Currently, demand is projected at 580,000 tonnes while the supply stands at 462,000 tonnes (see table on the next page). To meet our domestic requirements, the country depends on sugar imports.

Sugar Production, Consumption, Imports, and Exports 1987 - 1996 (tonnes)

Year	Production	Consumption	Imports	Exports
1988	411,296	462,207	42,000	-
1989	441,261	489,544	80,000	-
1990	431,836	537,999	64,050	-
1991	433,713	493,967	21,288	-
1992	371,225	552,000	124,463	-
1993	381,211	560,000	65,217	-
1994	303,292	560,000	174,049	-
1995	384,171	560,000	24,440	17,220
1996	389,138	570,000	65,826	24,478
1997	401,610	580,000	53,372	-

3. AGRICULTURAL PARAMETERS

3.1 *Climate/Weather*

The Sugar Industry during the financial year 1996/97 experienced very severe drought conditions which resulted into rampant incidences of cane fires and severe sun scotching of the cane in the field. The severity of this condition was more pronounced in the Nyando sugar belt. The total areas of burnt cane for the industry was 7,748 hac.

3.2 *Cane Production - Surface area*

The cane census and cane supply for the year covered a surface area of 126,753.93 Hectares for the sugar industry. The cane area for each zone is given below:

Sugar Zone	Area Under Cane (HA)
Mumias	43,517.80
Nzoia	18,973.28
Chemelil	13,765.10
South Nyanza	17,520.40
Muhoroni	11,311.05
Miwani	10,101.05
Busia	2,424.87
West Kenya	9,240.40
Total for the Industry	126,753.95

3.3 *Cane Supply Projection*

Cane supply for 1996/97 for the industry was 5,010,515.40 metric tonnes. The supply for each of the zones was as follows.

SUGAR ZONE	CANE SUPPLY TONNES
Mumias	1,917,305.00
Nzoia	608,400.00
Chemelil	732,624.00
Sony	600,000.00
Muhoroni	451,734.00
Miwani	650,398.40
Busia	50,054.00
Total For Industry	5,010,515.40

3.4 **SUGAR RESEARCH**

3.4.1 *NATIONAL SUGAR RESEARCH CENTRE KIBOS (NSRC)*

The Sugar Development Funds were put in full use for the face-lift of the National Sugar Research Centre Kibos. Variety multiplication plots were moved from the old to a new site and the plots increased in size.

Works on overhead Irrigation System was started in mid June 97 and its completion will facilitate continuous research throughout the year. The tissue culture programme already in place was initiated at the NSRC with the objective of being a source of clean seed material to be purchased for both nucleus and outgrower planting.

3.4.2 *MTWAPA BREEDING STATION*

The hybridization of new cane clones series 95Ms is in progress. Already 356 new clones representing 12 families have been transferred from Mtwapa and established at NSRC Kibos for multiplication trials. This is the stage 3 of the variety breeding and selection programme.

3.5 **THE NATIONAL COORDINATION VARIETY TRIALS (NCVT)**

This Committee was initially established in 1984 at NSRC Kibos together with the various sugar companies. The name changed this financial year from National Co-ordinated variety trials (NCVT) to National Co-ordinated trials on Sugarcane (NCTS) to reflect a multi-disciplinary approach to include evaluation of new varieties on the basis of nutrition, diseases, pestcontrol, sucrose content, maturity and resistance to weather changes.

The Objectives of NCTS are as follows;

- a) To test the performance of promising cane varieties.
- b) To harmonize variety testing procedures i.e methodologies, data collection, analysis and acquisition, in the sugar industry.
- c) To identify and recommend new varieties for commercial use.
- d) To timely and rationally develop commercial seed and identify good genetic parents for the cane breeder.
- e) Evaluate commercial variety performance and follow up for ultimate review on performance and future planning.

3.6 PRE-RELEASED SUGARCANE VARIETIES

3.6.1 FOREIGN VARIETIES

Through the NCTS, data covering the years 1992 to 1996 was analysed for 3 sugarcane cultivators namely CB 38 - 22 N 14 and CO 1148 which have been identified as suitable for commercial release. Earlier analysis 91984 - 1998) facilitated the release of current commercially grown varieties namely CO 945, EAK 69-47, EAK 70-97 and EAK 71-402.

3.7 POTENTIALLY LOCAL BRED VARIETIES

The Committee is considering through data analysis of potentially Local Varieties namely KEN 82 - 216, KEN 82 - 219, KEN 82 - 401) and KEN 83 -737 for recommendation for pre-release.

3.8 RESEARCH AND EXTENSION LINKAGES

Consultative meetings between the Sugar Industry and Researchers at National Sugar Research Centre Kibos identified the need for strong Research and Extension linkage. To this end Kenya Sugar Authority has set up an Agricultural extension wing which in due course will be based at Research Centres.

With favourable weather conditions coupled with proper cane maintenance, sugar cane yields and productivity are set to increase in the next financial 1997/98.

4. FACTORY PERFORMANCE PARAMETERS

The sugar factories produced about 401,610 tonnes sugar at an average rendement of about 9.3% compared 389,138 tonnes of sugar produced in 1995/96. This recorded a percentage increase of 3.2% in the overall sugar production.

Kenya has the potential to produce enough sugar for domestic consumption and surplus for export and every effort is directed to ensuring that consumption and production is balanced by the year 2002.

4.1 *Policy Developments to improve the performance of the Sugar Industry*

In order to improve the performance of the industry, there needs to be;

- Adequate funding for cane development
- Sufficient funding for reinvestment in the rehabilitation and maintenance of the existing factories to improve their operational efficiencies.
- Increased research for high yielding cane varieties
- Improved management of some sugar mills

The government has initiated policy changes with the objective of improving the overall performance of the Sugar Industry in the following areas:-

- Enactment of a Sugar Act:
- Application of a tariff to protect the local industry
- Establishment of a Kenya Sugar Research foundation
- Establishment of a National Sugar Training Institute
- Strengthening agricultural extension services
- Restructuring of the overall Sugar Industry institutional set-up
- Privatization and/or appointment of technical management
- Liberalization of sugar marketing.

5. **ECONOMIC DIVERSIFICATION IN CANE GROWING ZONES**

The industry has undertaken activities whose objective is to improve rural nutrition through:

- Dairy farming
- Poultry farming
- Bee keeping
- Inter-cropping

6. **FUTURE OUTLOOK ON KENYA'S SUGAR INDUSTRY**

The objective of the industry is to attain self-sufficiency for domestic consumption and surplus for export from the year 2002. For this to be possible, the following are underway:

- Mumias and chemelil sugar companies are due for privatization in the near future and efforts are being made to prepare the three remaining government owned factories for privatization in the next three to five years. This will involve the injection of fresh capital funds in the companies to enable them undertake expansion and/or rationalization of the mills.
- Establishment for the new Sugar Factory - Busia Sugar factory in 1999 with a crushing capacity of 4200 TCD.
- Expansion of Sony sugar company from 3000 TDC to a manageable level to handle all cane grown in the zone.

- Expansion of Nzoia company from 3000 TCD to 7000 TCD.
- Expansion of Chemelil sugar company to appropriate capacity.
- Rationalization and modernization of Muhoroni Sugar Company.
- Modernization of Miwani Sugar Company.

7. SUGAR MARKETING

The marketing of sugar is fully liberalized. All price controls for cane and sugar have been removed. However, there now exists a mechanism for the sugar manufacturers and cane growers to negotiate the floor producer price for cane. KSA monitors retail prices and circulates the prevailing prices within the industry. In order to protect local producers, from cheap imports of sugar, a tariff has been imposed on all imported sugar supported by an import levy.

8. HUMAN RESOURCES

Training for the Sugar Industry

- Since its inception in 1973, Kenya Sugar Authority has continued to play a major role in the development of human resources within the industry. Over 80% of the current senior managers manning the industry's operations have in one way or the other, been developed through the training and development plan of Kenya Sugar Authority.
- The authority co-ordinates management training for the industry, in liaison with the donor agencies such as CFTC, ODA, UNID SIDA, JICA and USAID, together with the Directorate of Personnel Management, and Ministry of Agriculture.
- The Kenya Sugar Authority (through the Sugar Development Fund) has embarked on training the out-growers company executives on management skills as part of providing institutional capacity building to enable the out-grower companies strengthen their institutional management capabilities.
- In response to the Government policy on structural adjustment with a view to reducing the Authority's wage bill, the Authority encouraged staff members to take advantage of the voluntary early retirement scheme. This exercise resulted into a reduction on the establishment by thirty-nine (39) members of staff.
- In line with the Management policy on continued development and in retaining highly professional and productive staff, the Authority has embarked on advanced skill development schemes and has so far sponsored over thirty staff members to various short management courses and seminars in technical areas during the period.

FRANCIS M. CHAHONYO
CHIEF EXECUTIVE

REPORT OF DIRECTORS

FOR THE YEAR ENDED 30TH JUNE, 1997

The Directors have the pleasure in presenting their report and the Financial Statements for the year ended 30th June, 1997.

ACTIVITIES

Kenya Sugar Authority is engaged in the business of providing advisory services to the Sugar Industry and the Government of Kenya and operates under the Agriculture Act (Cap. 318).

RESULTS

	Year Ended 30.6.97 Kshs.	Year Ended 30.6.96 Kshs.
Gross Income	95,928,987	78,480,749
Total Expenses	<u>(84,627,042)</u>	<u>(72,094,191)</u>
Surplus/(Deficit)	<u>11,301,945</u>	<u>6,386,558</u>

DIRECTORS

The Directors who served during the year were:

Mr. Luke R. Obok
 Mr. Francis Chahonyo
 Mr. Benjamin W. Ogutu
 Mr. John Norman Brooks
 Mr. Micheal K. Sang
 Mr. Aaron R. Tuikong
 Mr. Chrisantus O. Osiemo
 Prof. Karega Mutahi

Mr. B. K. Kipkulei

Mr. A. K. Cherwon

Mr. R. W. Bomet

Mr. Amos Wako

Mr. Thomas K. Tuei

Chairman
 Chief Executive
 Representing Growers
 Representing Growers
 Representing Millers
 Representing Millers
 Director
 PS, Agriculture
 (Alternate Mr J. O. Onyango/Mr E. M. Gichohi)
 PS, Treasury
 (Alternate Mrs C. W. Kimura)
 Director, lands Adjudication & Settlement
 Alternate Mr Daniel K. Kibage)
 Commissioner, Co-operative Development
 (Alternate Herman A Edagwa)
 Attorney General
 (Alternate Mr Dan K Ameyo)
 Director of Agriculture
 (Alternate Mr C. Kagwimi)

SECRETARY

Miss Rosemary A. Mkok served as Secretary to the Board during the period.

AUDITORS

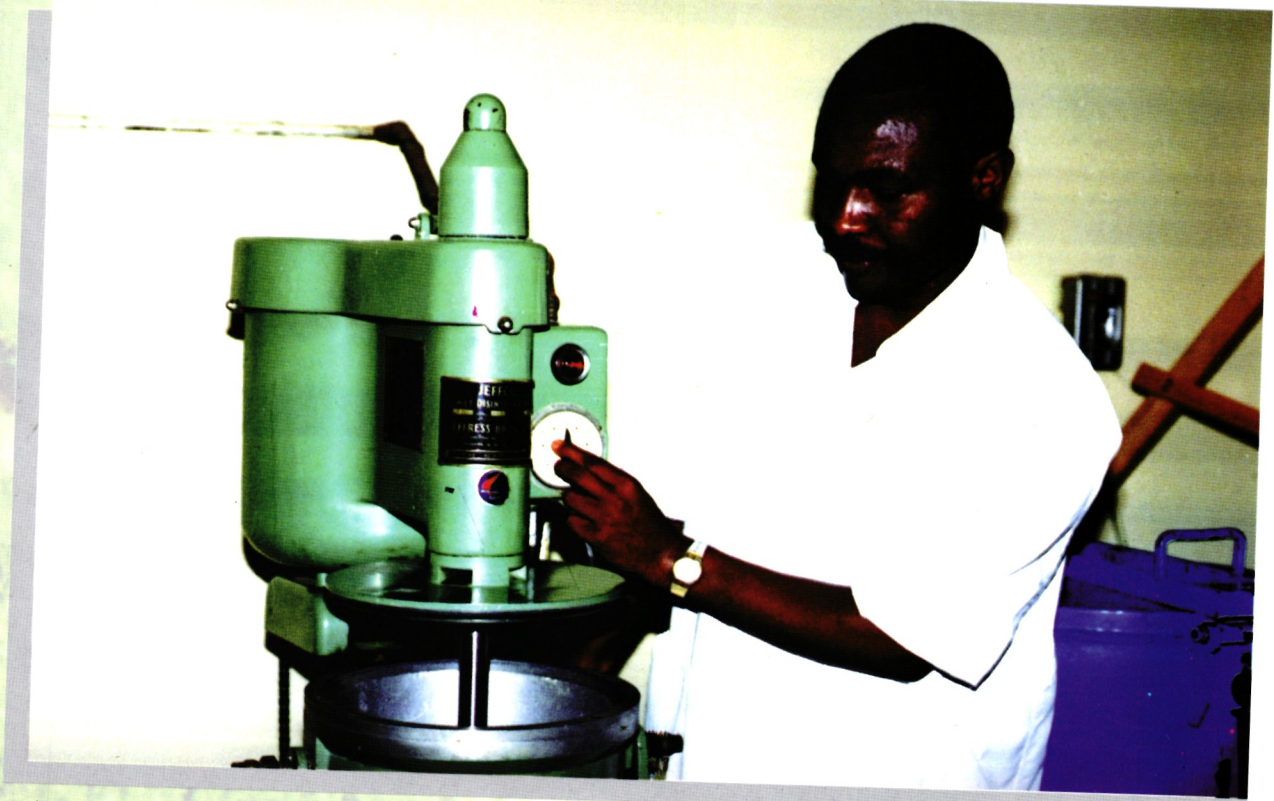
The financial statements, which are appended, were audited by the Auditor-General (Corporations) as per the State Corporations Act, and will continue to be audited by the same in the year 1997/98.

STAFF

Finally, the board would like to thank all staff for their loyalty and hard work and cooperation during the year.

By order of the Board.

ROSEMARY A. MKOK
SERETARY



Quality Control is an integral part of sugar processing

KENYA SUGAR AUTHORITY ACCOUNTS

FORWARDING MEMO ON KSA ACCOUNTS

Forward herewith are the accounts of the Authority for the period ended 30th June, 1997

1. STATEMENT OF INCOME AND EXPENDITURE

1.1 Income

The Authority received a gross income of Kshs. 95,928,987.05 in 1996/97 as compared to Kshs. 78,480,749.00 in 1995/96. The income was from the following sources:-

	1996/97 Kshs.	1995/96 Kshs.
Receipts form Ministry of Agriculture	-	9,333,333.00
Receipt from Sugar Development Fund	74,915,671.95	62,325,076.00
Receipts from Molasses levy	754,250.00	2,672,908.00
Interest Earned from Loans to Companies	16,252,076.85	-
Interest Earned to Term Deposits	2,245,268.20	1,477,123.00
Other Income	1,761,720.05	2,672,309.00
	<u>95,928,987.05</u>	<u>78,480,749.00</u>

1.2 Expenditure

Total expenditure for the year was Kshs. 84,627,0417.75 compared to Kshs. 72,094,191.00 in 1995/96 with the increase in expenditure mainly arising from increase in Rent for the office building, Staff Training expenses and company service charge.

BALANCE SHEET

2.1 Fixed Assets

Additions for the period amounted to kshs. 37,571,064.00 as compared to Kshs.13,292,298.50 in 1995/96.

2.2 Depreciation

Total depreciation charge for the period was Kshs. 8,809,555.00 compared to Kshs.7,480,573.00 for the previous year.

2.3: Debtors and Prepayments

These amounted to Kshs. 20,057,484.65 during the year compared to Kshs. 28,825,132.75 for the previous year.

2.4 Investments

Term deposits stood at Kshs. 22,996,621.45 in the year compared to Kshs. 11,448,440.80 in 1995/96

2.5 Cash and Bank Balances

Cash balances as at 30/6/97 were Kshs. 2,272,434.40 compare to the opening balance of Kshs. 1,543,068.00 on 30/6/96

2.6 Creditors and Accruals

Creditors and Accruals amounted to Kshs. 30,866,286.85 as at 30/6/97. The corresponding figure as at 30/6/96 was Kshs.9,638,674.25

3. SURPLUS FOR THE PERIOD

The Authority recorded a Net Surplus of Kshs. 11,301,945.30 in 1996/97 as compared to Kshs. 6,386,558.00 realized in 1995/96.

RESERVES

The Authority's total reserves of Kshs. 87,408,913.30 were arrived at as follows;

	1996/97	1995/96
	Kshs.	Kshs.
From previous periods	69,206,968.00	62,820,410.00
Capital Reserves	6,900,000.00	6,900,000.00
Surplus for the period	<u>11,301,945.30</u>	<u>6,386,558.00</u>
	<u>87,408,913.30</u>	<u>76,106,968.00</u>

Detailed notes have been annexed to the Accounts to enhance clarity on the above highlights.

F M CHAHONYO
CHIEF EXECUTIVE

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF KENYA SUGAR AUTHORITY FOR THE YEAR ENDED 30th JUNE 1997

I have examined the accounts of Kenya Sugar Authority for the year ended 30th June 1997 in accordance with Section 29 (2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations that I have required for the purpose of the audit. Proper books of accounts have been kept by the Authority and the accounts are in agreement therewith.

Except for the reservations set out herebelow, in my opinion, the Balance Sheet and the Profit and Loss Account, when read together with the notes thereon, give a true and fair view of the Authority's financial state of affairs as at 30th June 1997 and of its surplus and cash flow for the year ended on that date.

1. SHORT-TERM DEPOSITS

The Fund's deposits investment totalled Kshs. 22,996,621 as at 30th June 1997 which are analysed in page 13 of the accounts. Some of the deposits had been placed in a commercial bank for durations ranging from 3 to 13 months at low interest rates of between 15% and 22% at a time when Treasury Bills were attracting interest rate of approximately 26%. It is not clear why the deposits were not invested in Treasury Bill which are more secure and are currently attracting high rate of interest.

2. SALE OF MOTOR VEHICLE

During the year under review the Authority paid duty of Kshs. 158, 614.60 for a Volvo saloon vehicle registration NO. KAA 308P which had been sold through tender, the previous year. Apparently the Board sanctioned the payment of duty. The management has however, explained that the purchaser was recently requested to refund the amount of duty paid.



W. K. KEMEI
AUDITOR-GENERAL
(CORPORATIONS)
8 October 1998.



Introducing Locally Bred Cane Varieties to increase cane yields

STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 30TH JUNE 1997

CODE ACCOUNT DESCRIPTION

	30.06.97	30.06.96
	KSHS:	KSHS:
INCOME		
600 Receipts from Ministry of Agriculture	0.00	9,333,333.00
602 Receipts from Sugar Development Levy	74,915,671.95	62,325,076.00
603 Receipts from Molasses Levy	754,250.00	2,672,908.00
604 Miscellaneous Receipts	1,761,720.05	2,672,309.00
Interest Income from Company Loans	16,252,076.85	0.00
Interest Income on Deposits	2,245,268.20	1,477,123.00
	95,928,987.05	78,480,749.00
OPERATING EXPENSES		
EMPLOYMENT COSTS		
100 Basic Pay	14,680,549.90	14,742,863.00
101 Overtime	0.00	1,740.00
102 House Allowance	5,850,692.00	5,543,885.00
103 Car Allowance	297,840.00	297,840.00
104 Entertainment Allowance	727,778.00	580,704.00
106 Other Allowances	2,057,559.25	2,543,537.00
107 Passage & Leave Expenses	1,612,900.50	612,009.00
108 Honorarium	96,680.00	143,680.00
109 Company NSSF Contribution	113,360.00	111,680.00
110 Company Pension Contribution	3,762,614.55	2,950,558.00
111 Company Gratuity Contribution	68,580.00	66,555.00
113 Responsibility Allowance	858,500.00	560,737.00
	30,127,054.20	28,155,788.00
TOTAL EMPLOYMENT EXPENSES		
CONSUMABLES		
200 Stationery Expenses	1,932,432.00	1,294,137.00
201 Uniforms & Clothing	272,608.00	7,000.00
202 Books & Periodicals	319,827.05	240,449.00
203 Library Expenses	5,803.00	139,930.00
210 Fuel - Premium	1,310,159.60	1,707,081.00
213 Oils & Greases	7,431.00	185.00
214 Tyres & Tubes	156,985.00	74,969.00
215 Newspapers	218,400.00	81,295.00
218 Motor Vehicle Spares	1,507,504.55	1,494,725.00
230 Office Tea/Beverages	514,736.50	413,376.00
	6,245,886.70	5,453,147.00
TOTAL CONSUMABLES		

KENYA SUGAR AUTHORITY
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 30TH JUNE, 1997

OVERHEADS

300	Travelling & Accomodation - Employees	6,745,213.20	6,503,606.00
301	Travelling & Accomodation - Directors	2,874,452.00	1,779,543.00
302	Travelling & Accomodation - Others	1,90,018.00	303,911.00
303	Telephone Expenses	1,721,307.85	1,543,345.00
304	Postage & Telegrams	1,05,065.50	46,544.00
305	Official Entertainment	286,433.00	544,254.00
306	Expenses on Conferences & Meetings - Directors	1,429,376.00	2,194,804.00
307	Expenses on Conferences & Meetings - Others	630,107.70	0.00
308	Electricity	227,737.85	36,655.00
309	Water	25,523.00	1,232.00
310	Rents	6,233,444.35	4,145,409.00
311	Rates	0.00	40,000.00
312	A.S.K Show Expenses	84,120.00	16,700.00
313	Toll Charges	3,900.00	3,790.00
314	Publicity	798,196.00	1,368,716.00
315	Road Licences	28,900.00	11,615.00
316	Audit Fees	100,000.00	80,000.00
317	Other Professional Fees & Commissions	172,500.00	11,000.00
318	Training Expenses	2,542,986.70	696,282.00
319	Maintenance of Plant & Equipment	412,414.20	451,107.00
320	Maintenance of Buildings & Stations	624,184.00	735,626.00
321	Maintenance of Rental Houses	972,499.75	41,665.00
322	Consultancy	332,365.00	174,862.00
323	Motor Vehicle Insurance	799,311.20	868,553.00
324	Medical Insurance	4,916,704.55	3,116,114.00
325	Director's Insurance	170,472.00	169,682.00
326	Workman's Compensation Insurance	50,094.00	9,544.00
327	Group Personal Accident Insurance	280,643.00	285,097.00
328	Money, Fire & Perils Insurance	204,624.00	113,621.00
329	Office Equipment Insurance	6,360.00	0.00
330	Domestic Package Insurance	18,073.20	0.00
331	Motor Vehicle Inspection Fees	16,200.00	9,050.00
332	Hire of Security Services	1,450,032.70	1,260,042.00
336	Staff Welfare Expenses	541,580.00	901,055.00
337	Rates: Parking fees	112,700.00	48,300.00
338	Ex-Gratia Expenses	0.00	37,500.00
339	Company Service Charge	1,013,544.00	341,448.00
340	Other Insurances	11,328.00	0.00
341	Compensation for use of Personal Vehicles	1,702,750.00	1,337,225.00
342	Miscellaneous & Other Charges	412,873.00	381,643.00
343	Fixed Assets Expensed	0.00	94,340.00
344	Legal Fees	75,443.00	0.00
345	Members Clubs	8,160.00	153,825.00
346	Donations	100,000.00	130,000.00
	TOTAL OVERHEADS	38,431,636.75	29,987,705.00

KENYA SUGAR AUTHORITY
STATEMENT OF INCOME & EXPENDITURE
FORWARDING REVENUE OF KSA ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1997

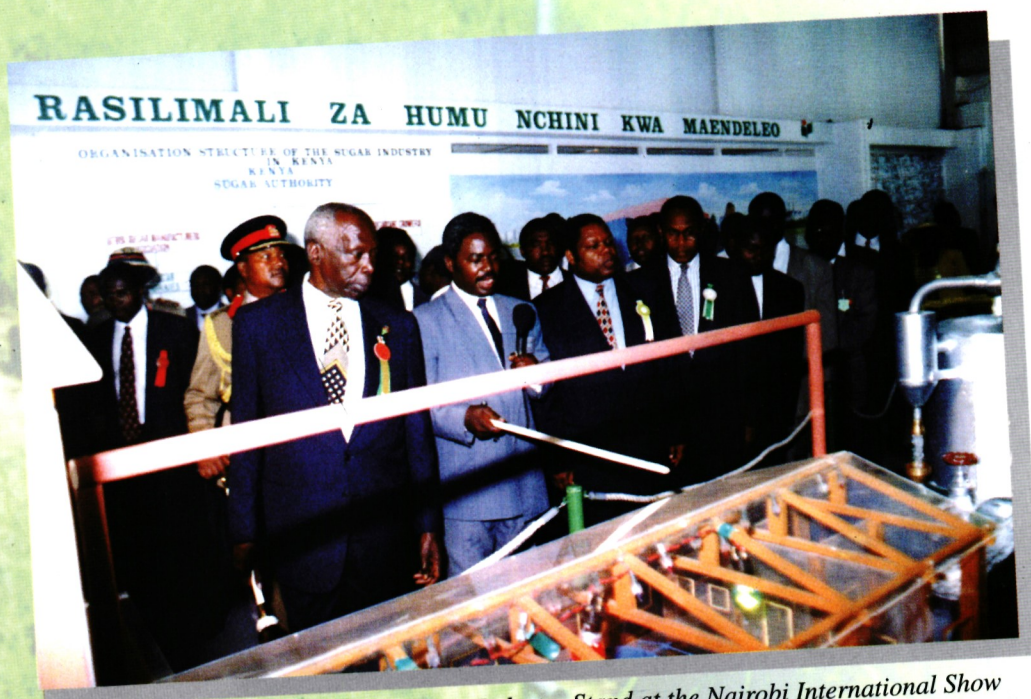
FINANCE CHARGES

	56,656.95	106,554.00
400 Bank Charges		
402 Interest Subsidy on Staff Car Loans	956,252.15	910,424.00
	1,012,909.10	1,016,978.00

TOTAL FINANCE CHARGES

DEPRECIATION EXPENSES

	3,188,025.00	3,236,670.20
501 Depreciation - Motor Vehicles		
502 Depreciation - Office Equipment	888,361.00	505,139.05
503 Depreciation - Office Furniture	608,461.00	443,664.55
504 Depreciation - Furniture & Fittings	4,074,103.00	3,263,486.55
505 Depreciation - House Furniture	50,605.00	31,612.65
	8,809,555.00	7,480,573.00
TOTAL PROVISION FOR DEPRECIATION		
	84,627,041.75	72,094,191.00
TOTAL EXPENSES		
SURPLUS / (DEFICIT) FOR THE PERIOD	11,301,945.30	6,386,558.00

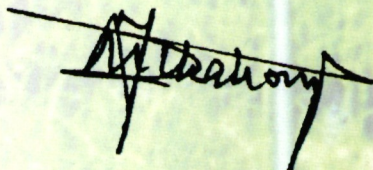


H.E. The President visits the Sugar Industry Stand at the Nairobi International Show

KENYA SUGAR AUTHORITY
BALANCE SHEET AS AT 30TH JUNE, 1997

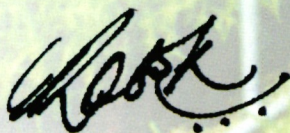
	Page	30.06.97 KSHS	30.06.96 KSHS
NET FIXED ASSETS	9	<u>71,727,868.30</u>	<u>43,073,297.00</u>
CURRENT ASSETS			
Stores	12	1,220,791.35	855,706.70
Debtors and Prepayments	12	20,057,484.65	28,825,129.95
Short term Deposits	13	22,996,621.45	11,448,440.80
Cash and Bank	12	<u>2,272,434.40</u>	<u>1,543,068.00</u>
		<u>46,547,331.85</u>	<u>42,672,345.45</u>
CURRENT LIABILITIES			
Creditors and Accruals	13	30,866,286.85	9,638,674.45
		<u>30,866,286.85</u>	<u>9,638,674.45</u>
NET CURRENT ASSETS		15,681,045.00	33,033,671.00
TOTAL ASSETS		<u>87,408,913.30</u>	<u>76,106,968.00</u>
FINANCED BY:			
Capital Reserves		6,900,000.00	6,900,000.00
Accumulated Reserves	c	69,206,968.00	62,820,410.00
Surplus / (Deficit) for the period	3	11,301,945.30	6,386,558.00
		<u>87,408,913.30</u>	<u>76,106,968.00</u>

SIGNED BY



DIRECTOR

SIGNED BY



DIRECTOR

KENYA SUGAR AUTHORITY
CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE, 1997

Cashflow from Operating activities	KSHS.
Net Surplus / (Deficit) before tax and extra - ordinary activities	<u>(7,147,205.65)</u>
Adjustment for:	
Depreciation	8,809,555.00
Less Gain on disposal of Fixed Assets	(853,662.00)
Miscellaneous Income (EOIs)	908,058.05
Operating surplus before working capital changes	<u>1,716,745.40</u>
Increase in stores	(365,084.65)
Decrease in Debtors & Prepayments	9,728,245.30
Increase in Creditors & Accruals	<u>13,536,279.85</u>
Cash generated from operations	24,616,185.90
Income tax paid	0.00
Net cash flow from operating activities	<u>24,616,185.90</u>
 Cash flows from return on Investment and Servicing of Finance	
Interest from loans to Sugar factories	16,252,076.85
Interest on Deposits	2,245,248.20
Interest subsidy on staff car loans	(956,252.15)
Net cashflow from returns on investment & Servicing of finance	<u>17,541,072.90</u>
 Cashflows from Investing activities	(29,879,731.75)
Net cashflows from Investing activities	<u>(29,879,731.75)</u>
 Cashflows from Financing activities	
Net cash flow from financing activities	0.00
Net increase in cash & cash equivalents	12,277,547.05
Cash & cash equivalent at the beginning of the year	1,543,068.50
Increase in short - term deposits	<u>(11,548,180.65)</u>
Cash and cash equivalent at the end of the period	<u>2,272,434.90</u>

KENYA SUGAR AUTHORITY
FIXED ASSETS SCHEDULE FOR THE PERIOD ENDED 30TH JUNE, 1997
 NOTES TO THE ACCOUNTS

	MOTOR VEHICLES KSHS.	OFFICE EQUIPMENT KSHS.	OFFICE FURNITURE KSHS.	FIXTURES AND FITTINGS KSHS.	HOUSE FURNITURE KSHS.	LAND AND IMPROVEMENTS KSHS.	CAPITAL WORK IN PROGRESS KSHS.	TOTAL KSHS.
Cost at 01.07.96	13,702,444.15	5,597,346.15	4,391,427.80	26,653,480.95	428,529.00	7,031,840.55	0.00	57,805,068.60
Additions during the Year	1,617,687.00	4,107,435.60	915,638.00	9,089,085.95	459,540.00	304,340.00	21,077,337.75	37,571,064.30
Less Disposals	(1,250,057.00)	(193,250.00)	(46,600.00)	0.00	(145,675.00)	0.00	0.00	(1,635,582.00)
Cost / Valuation as at 30.06.97	14,070,074.15	9,511,531.75	5,260,465.80	35,742,566.90	742,394.00	7,336,180.55	21,077,337.75	93,740,550.90
Accumulated Depreciation as at 01.07.96	5,884,830.15	1,929,000.70	1,082,340.55	5,611,213.55	224,386.65	0.00	0.00	14,731,771.60
Declaration as at 30.06.97	3,188,025.00	888,361.00	608,461.00	4,074,103.00	50,605.00	0.00	0.00	8,809,555.00
Less Depreciation on Disposals	(1,250,057.00)	(177,359.00)	(46,600.00)	0.00	(54,628.00)	0.00	0.00	(1,528,644.00)
Accumulated Depreciation as at 30.06.97	7,822,798.15	2,640,002.70	1,644,201.55	9,685,316.55	220,363.65	0.00	0.00	22,012,682.60
Net Book Value as at 30.06.97	6,247,276.00	6,871,529.05	3,616,264.25	26,057,250.35	522,030.35	7,336,180.55	21,077,337.75	71,727,868.30
Net Book Value as at 30.06.96	7,817,614.00	3,668,345.00	3,309,087.00	21,042,267.40	204,142.00	7,031,840.00	0.00	43,073,295.40

KENYA SUGAR AUTHORITY

NOTES TO THE ACCOUNTS

SCHEDULE OF FIXED ASSETS FOR THE PERIOD ENDED 30TH JUNE, 1997

MOTOR VEHICLES DETAILS

KSHS

Apr. 1997	Peugeot 405GL (KAH 225F)	1,617,687.00
		<u>1,617,687.00</u>

OFFICE FURNITURE

July 1996	One Sideboard	12,931.00
July 1996	One Sideboard	13,445.00
Sep. 1996	One Executive Chair	16,000.00
Sep. 1996	One Executive Chair	16,000.00
Sep. 1996	One Executive Desk	22,800.00
Sep. 1996	One Executive Desk	22,800.00
Oct. 1996	Two Executive Desks	40,000.00
Nov. 1996	Two Executive Desks	94,730.00
Nov. 1996	Four Filling Cabinets	61,397.00
Nov. 1996	Executive Desk and Chairs	118,450.00
Nov. 1996	Coat Hanger	3,400.00
Nov. 1996	One Executive Desk and Chair	61,410.00
Dec. 1996	Extension Table	5,500.00
Jan. 1997	Conference Table	20,125.00
Mar. 1997	Executive Desk	16,951.00
Mar. 1997	Executive Chair	9,499.00
Mar. 1997	Ten Computer Tables	110,000.00
Mar. 1997	Coat Hangers	3,400.00
Mar. 1997	One Computer Armchair	16,500.00
Mar. 1997	Four Computer Chairs	64,000.00
Mar. 1997	Two Secretarial Desks	40,250.00
Mar. 1997	Two Filling Cabinets	27,600.00
Mar. 1997	Two Visitors Chairs	4,600.00
Apr. 1997	Two Filling Cabinets	27,600.00
Jun. 1997	Sofa Set Recushioning	72,450.00
Jun. 1997	Steel Cabinet	13,800.00
		<u>915,638.00</u>

FURNITURE & FITTINGS

Sep. 1996	Kisumu Partitioning	1,131,080.70
Sep. 1996	Kisumu Partitioning	230,704.95
Oct. 1996	Kisumu Partitioning	3,501,450.00
Nov. 1996	Kisumu Partitioning	8,000.00
Dec. 1996	Kisumu Partitioning	2,397,578.10
Jan. 1997	Kisumu Partitioning	642,839.40
Feb. 1997	Kisumu Partitioning	727,432.80
Mar. 1997	Security Grills	450,000.00
		<u>9,089,085.95</u>

KENYA SUGAR AUTHORITY NOTES TO THE ACCOUNTS

SCHEDULE OF FIXED ASSETS FOR THE PERIOD ENDED 30TH JUNE, 1997 (CONTD.)

OFFICE EQUIPMENT

July 1996	One Giant Punch	2,240.00
July 1996	Pocket Calculator	1,350.00
Aug. 1996	Secretarial Set	14,800.00
Sep. 1996	Wooden Trolley	9,850.00
Sep. 1996	Wooden Tray	752.50
Oct. 1996	One Calculator	17,250.00
Nov. 1996	One Pocket Calculator	1,000.00
Nov. 1996	One Secretarial Set	9,830.00
Nov. 1996	Computer Systems (Initial Deposit)	2,083,298.10
Dec. 1996	Two Desk Calculators	22,300.00
Apr. 1997	E - Mail Modem	16,500.00
Apr. 1997	Two Refrigerators	64,000.00
Apr. 1997	Kisumu PABX Terminal	138,458.00
Apr. 1997	E - Mail Installation	167,762.00
Jun. 1997	Kisumu PABX Installation	110,767.00
Jun. 1997	Ten Computers (Final Payment)	1,088,328.00
Jun. 1997	25 " Colour T.V & Video	81,500.00
Jun. 1997	Network Adaptor	197,000.00
Jun. 1997	HP DeskJet Printer	26,450.00
Jun. 1997	Microwave Oven	54,000.00
		<u>4,107,435 .60</u>

OFFICE EQUIPMENT

Mar. 1997	Furniture	79,177.50
Apr. 1997	Furniture	380,362.50
		<u>459,540.00</u>

CAPITAL WORK IN PROGRESS

Dec. 1996	Kabete Fencing	777,373.10
Dec. 1996	Kabete Fencing	517,068.45
Feb. 1997	Kabete Fencing	1,145,615.60
Feb. 1997	Kabete Fencing	2,291,231.25
Mar. 1997	Kabete Fencing	374,902.00
Apr. 1997	Kabete Fencing	6,379,642.70
May 1997	Kabete Fencing	2,315,889.10
Jun. 1997	Kabete Fencing	6,560,211.65
Jun. 1997	Sony Video Projector	715,403.90
		<u>21,077,337.75</u>

LAND & IMPROVEMENTS

May 1997	Survey & Inspection fees	<u>304,340.00</u>
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TOTAL ADDITIONS

37,571,064.30

KENYA SUGAR AUTHORITY NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 30TH JUNE, 1997 (CONTD.)

SCHEDULE OF STORES

	30.06.97 KSHS	30.06.96 KSHS
Nairobi office	1,001,879.80	703,667.95
Kisumu office	218,911.55	95,715.40
Kakamega office	0.00	56,323.35
	<u>1,220,791.35</u>	<u>855,706.70</u>

DEBTORS AND PREPAYMENTS AS AT 30TH JUNE, 1997

	30.06.97 KSHS	30.6.96 KSHS
Prepaid Rents and Rates	798,475.40	0.00
Security Deposit (NSSF)	114,750.00	0 00
Sewice Contracts	9,583.00	0.00
Staff Debtors	424,792.10	1,323,316.50
Prepaid Insurance	8,834.00	0 00
Sale of Motor Vehicle (KAA 996P & 260P)	960,600.00	420,000 00
Medical Insurance	210,310.00	0.00
SDF Inter-company Account	17,530,140.15	27,081,816.25
	<u>20,057,484.65</u>	<u>28,825,132.75</u>

CASH BALANCES AS AT 30TH JUNE, 1997

	30.06 97 KSHS	30.06.96 KSHS
N.B.K. Hill Branch NRB	1,583,208.75	1,363,969.55
N.B.K. Kisumu Branch	222,339.80	55,702.95
K.C.B. Milimani Branch NRB	266,550.95	(88,661.40)
K.C.B. Kakamega	160,180.30	211,999.90
Cash on Hand	40,154.60	57.00
	<u>2,272,434.40</u>	<u>1,543,068 .00</u>

KENYA SUGAR AUTHORITY

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30TH JUNE, 1997 (CONTD.)

INVESTMENT SCHEDULE AS AT 30TH JUNE, 1997

	30.06.97 KSHS	30.06.96 KSHS
N.B.K. Hill Branch (Car Loan scheme)	7,226,065.50	4,084,711.35
N.B.K. Hill Branch	9,951,772.65	4,176,419.35
Co-operative Bank	5,818,783.30	3,187,310.10
	<u>22,996,621.45</u>	<u>11,448,440.80</u>

CREDITORS AND ACCRUALS AS AT 30TH JUNE, 1997

	30.06.97 KSHS	30.6.96 KSHS
Accrued Audit Fees	100,000.00	120,000.00
Rent & Rates	1,140,000.00	1,180,000.00
Interest Subsidy on Car Loan	299,127.45	213,082.10
Ex-Gratia payments	0.00	330,000.00
Medical Expenses	1,668,494.85	436,021.00
Gratuity Provision	135,135.00	66,555.00
Hire of Security Services	0.00	114,862.00
Fuels & Oils	122,649.05	78,082.00
Sugar Development Fund	19,196,973.70	3,273,553.95
Maintenance of Rental Houses	0.00	4,000.00
Transport Expenses	0.00	21,669.00
Motor Vehicle Repairs	49,769.85	38,703.80
Telephone	140,288.40	130,172.40
Personal Emoluments	239,562.00	252,578.70
SDF Loan	0.00	1,039,932.00
SDF Refunds	0.00	800,000.00
Fixed Assets W/Down	0.00	94,340.55
Payroll Clearances	0.00	621,921.95
Purchase of Fixed Assets	1,131,120.90	36,000.00
Members Clubs	0.00	1,800.00
Travelling Staff Claims	15,600.00	34,101.30
Kakamega Seminar Balance (SDF)	0.00	125,550.00
Trade Creditors	0.00	625,748.50
Building Contractors(Kabete Fencing)	6,560,211.65	0.00
Water Bills	25,000.00	0.00
Maintenance of Plant & Equipment	42,354.00	0.00
	<u>30,866,286.85</u>	<u>9,638,674.25</u>

KENYA SUGAR AUTHORITY**NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30TH JUNE, 1997 (CONTD.)****INVESTMENT SCHEDULE AS AT 30TH JUNE, 1997**

	30.06.97	30.06.96
	KSHS	KSHS
N.B.K. Hill Branch (Car Loan scheme)	7,226,065.50	4,084,711.35
N.B.K. Hill Branch	9,951,772.65	4,176,419.35
Co-operative Bank	<u>5,818,783.30</u>	<u>3,187,310.10</u>
	<u>22,996,621.45</u>	<u>11,448,440.80</u>

CREDITORS AND ACCRUALS AS AT 30TH JUNE, 1997

	30.06.97	30.6.96
	KSHS	KSHS
Accrued Audit Fees	100,000.00	120,000.00
Rent & Rates	1,140,000.00	1,180,000.00
Interest Subsidy on Car Loan	299,127.45	213,082.10
Ex-Gratia payments	0.00	330,000.00
Medical Expenses	1,668,494.85	436,021.00
Gratuity Provision	135,135.00	66,555.00
Hire of Security Services	0.00	114,862.00
Fuels & Oils	122,649.05	78,082.00
Sugar Development Fund	19,196,973.70	3,273,553.95
Maintenance of Rental Houses	0.00	4,000.00
Transport Expenses	0.00	21,669.00
Motor Vehicle Repairs	49,769.85	38,703.80
Telephone	140,288.40	130,172.40
Personal Emoluments	239,562.00	252,578.70
SDF Loan	0.00	1,039,932.00
SDF Refunds	0.00	800,000.00
Fixed Assets W/Down	0.00	94,340.55
Payroll Clearances	0.00	621,921.95
Purchase of Fixed Assets	1,131,120.90	36,000.00
Members Clubs	0.00	1,800.00
Travelling Staff Claims	15,600.00	34,101.30
Kakamega Seminar Balance (SDF)	0.00	125,550.00
Trade Creditors	0.00	625,748.50
Building Contractors(Kabete Fencing)	6,560,211.65	0.00
Water Bills	25,000.00	0.00
Maintenance of Plant & Equipment	42,354.00	0.00
	<u>30,866,286.85</u>	<u>9,638,674.25</u>

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost concept.

Income Recognition

Income is recognised on the accrual basis.

Depreciation

Depreciation is calculated on the straight line basis for motor vehicles and tractors and on the reducing balance method for other assets as indicated below :-

Assets	Depreciation	Depreciation Rates
Motor vehicles	Straight line	25%
Tractors	Straight line	37.5%
Buildings	Reducing balance	2.5%
Office equipment	Reducing balance	12.5%
Office furniture	Reducing balance	12.5%
Household furniture	Reducing balance	12.5%
Fixtures and Fittings	Reducing balance	12.5%

INVESTMENTS

Investments are stated at cost plus accrued interest at the balance sheet date.

STORES

The stores are valued at the weight average cost.

NET SURPLUS

The Net Surplus has been arrived at after charging.

	1996/97 SDF	1996/97 KSA	1995/96 SDF	1995/96 KSA
Depreciation	4,872,945.00	8,809,555.00	3,723,517.00	7,480,573.00
Auditors				
Remuneration	100,000.00	100,000.00	80,000.00	80,000.00
Finance Charges	18,563,330.00	1,012,909.00	10,016,829.00	1,016,978.00
Directors Emoluments	Nil	Nil	Nil	Nil

TAXATION

There has been no provision for corporate tax as the Fund is not a body corporate.

SUGAR DEVELOPMENT FUND

REPORT OF DIRECTORS

FOR THE YEAR ENDED 30TH JUNE, 1997

The directors have the pleasure in presenting their report and the Financial Statements for the year ended 30th June, 1997.

ACTIVITIES

The Sugar Development Fund is engaged in the collection of Sugar Development Levy and the utilization of the same, for the overall development of the Sugar Industry, with emphasis on cane development, sugar roads, research and factory rehabilitating. The fund is administered by the Kenya Sugar Authority.

RESULTS

	Year Ended 30.6.97 Kshs.	Year Ended 30.6.96 Kshs.
Gross Income	1,306,465,050	967,882,449
Total Expenses	(254,438,790)	(109,792,784)
Surplus/(Deficit)	1,052,026,260	858,089,664

DIRECTORS

The Directors who served during the year were:

Mr. Luke R. Obok	Chairman
Mr. Francis M. Chahonyo	Chief Executive
Mr. Benjamin W. Ogutu	Representing Growers
Mr. John Norman Brooks	Representing Growers
Mr. Micheal K. Sang	Representing Millers
Mr. Aaron R Tuikong	Representing Millers
Mr. Chrisantus O. Osiemo	Director
Prof. Karega Mutahi	PS, Agriculture (Alternate Mr J O Onyango/Mr E M Gichohi)
Mr. G. K. Kipkulei	PS, Treasury (Alternate Mrs C W Kimura)
Mr. A. K. Cherwon	Director, Lands Adjudication & Settlement (Alternate Mr Daniel K Kibage)
Mr. R W. Bomet	Commissioner, Co-operative Development (Alternate Herman A Edagwa)
Mr. Amos Wako	Attorney General (Alternate Mr Dan K Ameyo)
Mr. Thomas K. Tuei	Director of Agriculture (Alternate Mr C Kagwimi/Mr J S Johal)

SUGAR DEVELOPMENT FUND

Forwarded herewith are the Accounts for the period ended 30th June, 1997.

1. STATEMENT OF INCOME AND EXPENDITURE

1.1 Income

The Fund received a gross income of Kshs.1,306,465,050 as compared to Kshs. 967,882,449 for the previous year. The income was from the following sources:

	1996/97 KShs.	1995/96 KShs.
Receipts from Import Levy	160,725,544	77,943,228
Receipts from Local Sugar Companies	833,430,903	730,363,163
Interest Earned on Term Deposits	13,992,229	15,972,549
Interest Earned on Loans	298,316,374	143,603,509
Other Income	-	-
	<u>1,306,465,050</u>	<u>967,882,449</u>

1.2 EXPENDITURE

Total Expenses for the year were Kshs. 254,438,790 compared to a figure of Kshs. 109,792,783 in 1995/96 with the increase in expenditure mainly arising from increases in legal expenses incurred to recover debts from levy defaulters, and travel related expenses arising from the re-admission of Kenya to the International Sugar Organisation, and increase in grants to KSA and the Sugar Research components of the Fund as a function of the overall increase in income of the Fund.

BALANCE SHEET

2.1 Fixed Assets

During the period, the Fund purchased assets worth Kshs. 10,290,665.90 compared to Kshs. 5,143,035 worth of fixed assets purchased in the previous financial year.

2.2 Depreciation

Total depreciation charge for the period was Kshs. 4,872,944.75 compared to Kshs. 3,723,517.20 in 1995/96.

2.3 Debtors and Prepayment

Debtors and Prepayment as at 30th June, 1997 amounted to Kshs. 387,528,756 compared to figure of Kshs. 261,159,797 as at 30th June, 1996.

2.4 Investments

Term Deposits stood at Kshs. 91,377,962 as compared to a sum of Kshs. 86,804,882 as at 30th June, 1996.

2.5 Cash and Bank Balances

There was a cash balance of Kshs. 16,682,741 at the closure of the period as compared to the opening balance of Kshs. 27,731,778.

2.6 Creditors and Accruals

These amounted to Kshs. 57,750,117 at 30 th June, 1997 as compared to Kshs. 32,313,970 as at 30th June, 1996 and largely represented amounts owed to the Kenya Sugar Authority and to the Research component at the closure of the financial year by the Fund.

2.7 Loans to Sugar Companies

Loans balances to both the Sugar Factories and Outgrower Companies increased from Kshs. 1,601,936,863 as at 30th June, 1996 to kshs. 2,316,554,058 as at 30th June, 1997.

Accrued interest on the loans increased from Kshs. 245,642,389 as at 30th June, 1996 to Kshs. 483,348,759 as at 30th June, 1997.



Explaining Sugar analysis to school children at Nairobi International Show

3. SURPLUS FOR THE PERIOD

A surplus of Kshs. 1,052,026,260 was realised within the period as compared to a surplus of Kshs. 864,390,862 that was recorded in 1995/96.

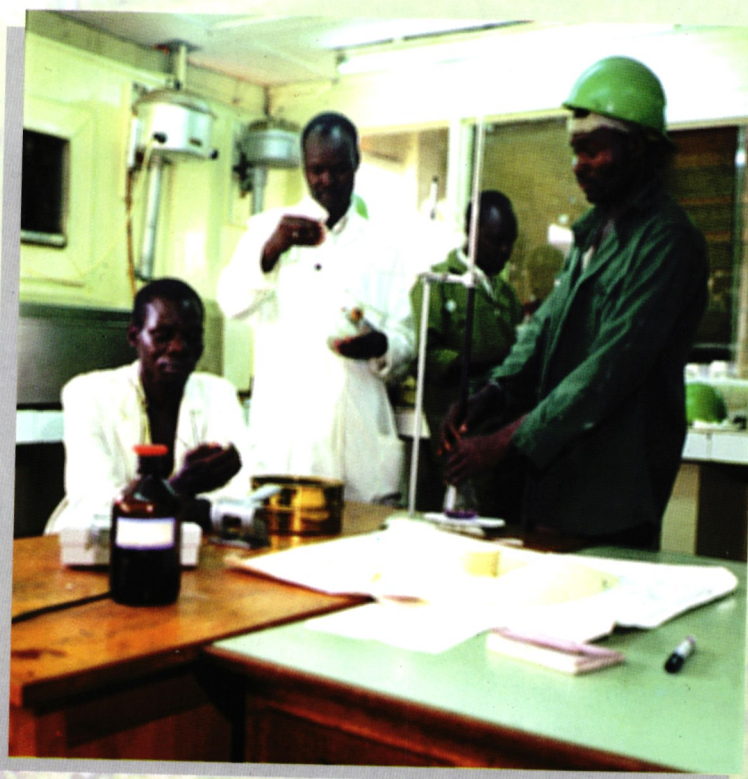
RESERVES

The Fund had total reserves of Kshs. 3,254,007,833 as at 30th June, 1997 made up as follows;

	1996/97 Kshs.	1995/96 Kshs.
From Previous years	2,201,981,573	1,345,391,906
Prior year Adjustments	-	(7,801,195)
Surplus for the year	<u>1,052,026,260</u>	<u>864,390,862</u>
Total Reserves	<u>3,254,007,833</u>	<u>2,201,981,573</u>

Detailed notes have been appended to the Accounts to enhance clarity of the information contained therein.

F. M. CHAHONYO
CHIEF EXECUTIVE



Sugar Quality Control to meet International Standards

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE SUGAR DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 1997

I have examined the accounts of the Sugar Development Fund for the year ended 30th June, 1997 in accordance with Section 29 (2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations that I required for the purpose of the audit. Proper books of accounts have been kept by the Fund and the accounts are in agreement therewith.

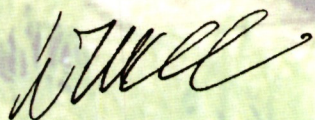
Except for the reservations set out herebelow, in my opinion, the Balance Sheet and the Income and Expenditure account, when read together with the notes thereon, present a true and fair view of the Fund's financial state of affairs as at 30th June, 1997 and of its surplus and cash flow for the year ended on that date.

APPORTIONMENT OF LEVY

The approved budget provides for the 7% Sugar development Fund Levy to be shared as follows:

Kenya Sugar Authority Administration	0.5%
Research	0.5%
Cane Development	2.0%
Factory Rehabilitation	1.0%
Road Maintenance	1.0%
Special Factory Rehabilitation	2.0%
TOTAL	<u><u>7.0%</u></u>

These accounts do not indicate how the SDF levy was apportioned during the year and I have not been able to ascertain that the levy was apportioned as provided for. Further, the Kenya Sugar Authority has not justified some direct charges to the Funds in addition to receiving its share of the levy.



W.K. KEMEI
AUDITOR-GENERAL
(CORPORATIONS)
8 October 1998.

**STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 30TH JUNE, 1997**

CODE ACCOUNT DESCRIPTION

	30.06.97	30.06.96
	KSHS:	KSHS:
INCOME		
600 Receipts from Import Levy	160,725,544.15	77,943,227.45
602 Receipts from Sugar Companies	833,430,903.15	730,363,163.05
603 Interest Income on Deposits	13,992,229.30	15,972,549.25
Interest Income on Loans to Co.'s	298,316,373.50	143,603,508.90
	<u>1,306,465,050.10</u>	<u>967,882,448.65</u>
GROSS INCOME		

OPERATING EXPENSES

EMPLOYMENT COSTS

100 Basic Pay	3,212,725.00	1,347,856.00
102 House Allowance	1,311,469.00	0.00
104 Entertainment Allowance	88,000.00	0.00
106 Other Allowances	465,805.00	45,075.00
107 Passage & Leave Expenses	278,859.55	37,032.75
108 Honorarium	0.00	45,000.00
109 Company NSSF Contribution	37,120.00	35,793.00
110 Company Pension Contribution	643,322.25	0.00
111 Company Gratuity Contribution	27,840.00	0.00
113 Responsibility Allowance	110,000.00	0.00
	<u>6,175,140.80</u>	<u>1,510,756.75</u>
TOTAL EMPLOYMENT EXPENSES		

CONSUMABLES

200 Stationery Expenses	229,391.50	169,260.00
201 Uniforms & Clothing	4,000.00	0.00
202 Books & Periodicals	863,305.00	66,350.00
203 Library Expenses	37,213.35	0.00
206 Laboratory Chemicals	41,604.95	0.00
207 Other Laboratory Chemicals	1,603,508.00	161,226.00
212 Fuel - Gasoil	28,624.00	0.00
213 Oils & Greases	851.00	0.00
214 Tyres & Tubes	38,957.00	0.00
215 Newspapers	12,000.00	0.00
218 Motor Vehicle Spares	791,326.15	237,463.95
230 Office Tea/Beverages	12,000.00	0.00
	<u>3,662,781.60</u>	<u>634,299.95</u>
TOTAL CONSUMABLES		

STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED 30TH JUNE, 1997

OVERHEADS

300	Travelling & Accomodation - Employees	11,410,322.30	2,961,597.00
301	Travelling & Accomodation - Directors	7,851,883.10	15,027,560.85
302	Travelling & Accomodation - Others	1,526,355.35	49,900.00
303	Telephone Expenses	232,661.00	600,000.00
304	Postage & Telegrams	4,000.00	36,000.00
305	Official Entertainment	304,273.00	129,565.40
306	Expenses on Conferences & Meetings - Directors	4,514,024.85	703,158.30
307	Expenses on Conferences & Meetings - Others	9,407,459.20	13,000.00
308	Electricity	202,000.00	108,000.00
309	Water	0.00	216,000.00
310	Rents	1,753,835.35	984,000.00
311	Rates	0.00	36,000.00
312	A. S. K Show Expenses	3,899,972.40	0.00
313	Toll Charges	2,020.00	6,000.00
314	Publicity	15,335,203.05	1,101,064.05
315	Road Licenses	17,500.00	18,000.00
316	Audit Fees	100,000.00	80,000.00
317	Other Professional Fees & Commissions	0.00	140,850.00
318	Training Expenses	3,428,342.45	19,000.00
319	Maintenance of Plant & Equipment	106,666.70	0.00
320	Maintenance of Buildings & Stations	65,700.00	241,060.50
321	Maintenance of Rental Houses	101,197.25	0.00
322	Consultancy	3,996,648.70	60,000.00
323	Motor Vehicle Insurance	784,894.30	296,240.60
324	Medical Insurance	685,092.05	400,000.00
325	Director's Insurance	3,530.00	0.00
332	Hire of Security Services	0.00	11,045.80
336	Staff Welfare Expenses	10,600.00	0.00
338	Ex-Gratia Expenses	0.00	235,000.00
339	Company Service Charge	333,774.90	0.00
341	Compensation for use of personal Vehicles	209,750.00	93,000.00
342	Miscellaneous & Other Charges	0.00	315,159.80
344	Legal Fees	3,717,617.00	3,191,250.00
346	Donations	240,000.00	1,750,000.00
347	Cotecna charges	4,878,288.75	252,573.00
	Total Overheads	<u>75,123,611.70</u>	<u>29,165,025.85</u>

SUGAR DEVELOPMENT FUND
STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED 30TH JUNE, 1997
 (continued)

GRANTS

Kenya Sugar Authority	73,020,490.50	62,325,075.80
Sugar Research	73,020,490.50	2,417,278.30
	<u>146,040,981.00</u>	<u>64,742,354.10</u>

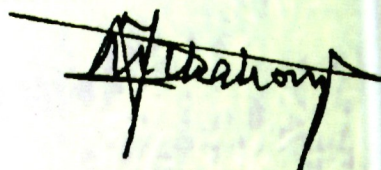
FINANCE CHARGES

400	Bank Charges	1,318,349.10	2,414,329.15
401	Interest Expenses less Interest income	300,987.50	0.00
402	Interest Subsidy on Staff Car Loans	226,083.55	0.00
403	Other Interest	16,717,909.80	745,978.00
430	Provision for Bad Debts	0.00	6,856,522.40
	TOTAL FINANCE CHARGES	<u>18,563,329.95</u>	<u>10,016,829.55</u>

DEPRECIATION EXPENSES

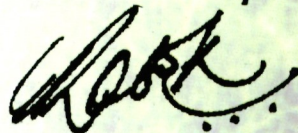
501	Depreciation - Motor Vehicles	3,375,840.00	2,098,069.00
502	Depreciation - Office Equipment	84,729.00	66,998.45
503	Depreciation - Office Furniture & Fittings	10,918.00	4,212.25
504	Depreciation - Farm Equipment	236,015.00	195,650.00
506	Depreciation - Laboratory Equipment	73,629.00	48,411.00
507	Depreciation - Tractor	1,091,813.75	1,310,176.50
	TOTAL PROVISION FOR DEPRECIATION	<u>4,872,944.75</u>	<u>3,723,517.20</u>
	TOTAL EXPENSES	<u>254,438,789.80</u>	<u>109,792,783.40</u>
	SURPLUS / (DEFICIT) FOR THE PERIOD	<u>1,052,026,260.30</u>	<u>858,089,665.25</u>

Signed



Director

Signed

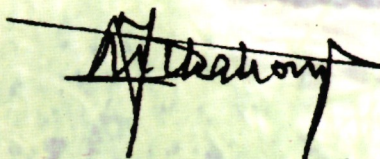


Director

**SUGAR DEVELOPMENT FUND
BALANCE SHEET FOR THE YEAR ENDED 30TH JUNE, 1997**

	Note	30 06.97 KSHS	30.06.96 KSHS
NET FIXED ASSETS	9	15,626,239.05	10,208,312.00
Loans to Companies	14	2,316,554,058.35	1,601,936,863.00
CURRENT ASSETS			
Stores	11	639,434.40	811,622.00
Debtors and Prepayments	12	387,528,756.15	261,159,797.00
Short Term Deposits	13	91,377,961.80	86,804,882.00
Cash and Bank	13	16,682,741.00	27,731,678.00
Interest on Loans to CO.'s	14	483,348,759.20	245,642,389.00
		<u>979,577,652.55</u>	<u>622, 150,368. 00</u>
CURRENT LIABILITIES			
Creditors and Accruals	13	57,750,116.65	32,313,970.00
		<u>57,750,116.65</u>	<u>32,313,970.00</u>
NET CURRENT ASSETS		<u>921,827,535.90</u>	<u>589,836,398.00</u>
TOTAL ASSETS		<u><u>3,254,007,833.30</u></u>	<u><u>2,201,981,573.00</u></u>
FINANCED BY			
Accumulated Reserves	15	2,201,981,573.00	1,337,590,711.00
Surplus for the Period	3	1,052,026,260.30	864,390,862.00
		<u>3,254,007,833.30</u>	<u>2,201,981,573.00</u>

SIGNED



Director

SIGNED



Director

**SUGAR DEVELOPMENT FUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 1997**

Cashflow from Operating Activities	KSHS.
Net Surplus / (Deficit) before tax and EOIs	756,962,638.35
Adjustments for:	
Depreciation	4,872,944.75
Operating Surplus before working capital changes	761,835,583.10
Decrease in Stores	172,187.60
Increase in Debtors & Prepayments	(126,368,959.15)
Decrease in Interest on loans	(237,706,230.20)
Increase in Short term deposits	(4,573,079.80)
Increase in Creditors & Accruals	25,436,079.80
Cash generated from operations	418,795,581.35
Income tax paid	0.00
Net cashflow from operating activities	418,795,508.20
 Cashflow from Return on Investment and Servicing of Finance	
Interest on deposits received	13,992,229.30
Interest on loans to Companies received	298,316,373.50
Interest on overdraft paid	(300,987.50)
Other Interest paid	(226,083.55)
Net cash flow from ROI and servicing of finance	16,717,909.80
	295,063,621.95
 Cashflow from Investing Activities	
Acquisition of fixed assets	(10,290,665.95)
Net cashflow from investing activities	(10,290,665.95)
 Cashflow from Financing Activities	
Loans to Sugar Companies	(714,617,195.35)
Net cashflow from financing activities	(714,617,195.35)
Net Increase in Cash & cash equivalents	(11,048,731.15)
Cash & cash equivalents at the beginning of the period	27,731,678.00
Cash & cash equivalents at the end of the period	16,682,946.85
 ADJUSTMENT OF NET SURPLUS FOR THE YEAR ENDED 30TH JUNE, 1997	
Surplus as per accounts	1,052,026,260.30
Add Back:	
Interest on overdraft	300,987.50
Interest subsidy on staff car loans	226,083.50
Other Interest	16,717,909.80
Less:	
Interest on Deposits	(13,992,229.30)
Interest on loans to Sugar Companies	(298,316,373.50)
Net Surplus before tax and EOI	756,962,638.30

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1997

**SUGAR DEVELOPMENT FUND
FIXED ASSETS SCHEDULE FOR THE PERIOD ENDED 30TH JUNE, 1997
NOTES TO THE ACCOUNTS**

	MOTOR VEHICLES KSHS	OFFICE EQUIPMENT KSHS	OFFICE FURNITURE KSHS	LABORATORY EQUIPMENT KSHS	FARM EQUIPMENT KSHS	TRACTORS KSHS	TOTALS KSHS
Cost as at 01.07.96	10,424,832.00	639,000.00	44,950.00	589,030.00	1,888,124.00	3,493,804.00	17,079,740.00
Additions during the Year	9,679,554.00	466,030.95	145,081.00	0.00	0.00	0.00	10,290,665.95
Disposals during the Year	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost / Valuation as at 30.06.97	20,104,386.00	1,105,030.95	190,031.00	589,030.00	1,888,124.00	3,493,804.00	27,370,405.95
Accumulated Depreciation as at 01.07.96	3,805,947.00	170,010.00	15,464.00	201,860.00	500,734.00	2,401,990.25	7,096,005.25
Depreciation for the year	3,375,840.00	84,729.00	10,918.00	73,629.00	236,015.00	1,091,813.75	4,872,944.75
Accumulated Depreciation as at 30.06.97	7,181,787.00	254,739.00	26,382.00	275,489.00	736,749.00	3,493,804.00	11,968,950.00
Net Book Value as at 30.06.97	12,922,599.00	850,291.95	163,649.00	313,541.00	1,151,375.00	0.00	15,401,455.95
Net Book Value as at 30.06.96	6,843,669.15	468,989.15	29,485.70	353,065.50	1,421,289.10	1,091,813.75	10,208,312.35

SUGAR DEVELOPMENT FUND
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1997
ADDITIONS TO FIXED ASSETS FOR THE PERIOD ENDED 30TH JUNE 1997

MOTOR VEHICLES

	DETAILS	KSHS
Dec. 96	One Peugeot 504 Saloon	1,551,742.00
Dec. 96	One Peugeot 504 Saloon	1,551,742.00
Dec. 96	One Peugeot 504 Saloon	1,551,742.00
Apr. 97	Land Rover Discovery	3,597,750.00
Jun. 97	One Peugeot 504 Saloon	1,426,578.00

9,679,554.00

OFFICE FURNITURE

Jan. 97	Six Office chairs	32,400.00
Jan. 97	Two Filing Cabinets	27,600.00
Jan. 97	One Sideboard	12,721.00
Jun. 97	Office Furniture	72,360.00

145,081.00

OFFICE EQUIPMENT

Jan. 97	One Computer System (Down -payment)	170,862.95
Jun. 97	One Computer System (Down -payment)	170,863.00
Jun. 97	Air Conditioner	103,500.00
Jun. 97	Secretarial Set	20,805.00

466,030.95

10,290,665.95



KSA Directors at Nairobi International Show

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1997
SDF LEVY ARREAS SCHEDULE AS AT 30TH JUNE 1997

INSTITUTIONS

	30.06.97	30.06.96
	KSHS	KSHS
Uneximp Limited	2,240,281.45	2,380,835.65
World Food Programme	3,279,057.45	3,279,057.45
Anchor Africa Limited	3,932,968.55	4,045,339.10
Kenafic Industries	1,680,562.00	1,680,562.00
Juja Coffee Exporters Ltd	5,426,936.00	5,426,936.00
Coca Cola (K) Ltd.	9,322,084.85	9,322,084.85
Oakdale Commodities Ltd	3,383,530.40	3,383,530.40
South Nyanza Sugar Company	26,982,604.80	27,445,818.45
Miwani Sugar Company	70,450,033.20	48,076,191.05
Mumias Sugar Company	36,223,561.30	7,358,416.70
West Kenya Sugar Company	3,179,821.70	2,120,214.60
Nzoia Sugar Company	84,105,032.75	73,774,913.40
Muhoroni Sugar Company	37,401,744.95	24,611,532.80
Chemelil Sugar Company	13,692,622.15	5,332,846.50
Kenya National Trading Corporation	16,258,799.50	38,758,799.50
	317,559,641.05	256,997,078.45

Staff Imprest	0.00	233,127.00
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DEBTORS

Nzoia Sugar Co. Special Audit	10,200,226.00	1,087,800.00
Nzoia Sugar Co. 1996 OOC Tech. Committee Exps.	171,380.00	0.00
Nzoia Sugar Co. Inter- Ministerial Committee	1,180,000.00	0.00
Kenya Sugar Industry Party	0.00	125,550.00
-Nzoia Sugar Company	157,114.60	157,114.60
-Sony Sugar Company	0.00	157,114.60
-Chemelil Sugar Company	0.00	157,114.60
-Muhoroni Sugar Company	0.00	157,114.60
-West Kenya Sugar Company	157,114.60	157,114.60
-Mumias Sugar Company	0.00	157,114.60
Govt. of Kenya (Busia Sugar Co.)	37,761,986.30	0.00
Busia Sugar Co. (Legal fees)	398,000.00	0.00
KSA Inter - Company Account	19,196,973.70	3,273,553.95
Sony Sugar Company	521,969.00	0.00
Muhoroni Sugar Company	224,350.90	0.00
	69,969,115.10	5,662,718.55

	387,528,756.15	262,659,797.00
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CASH BALANCES AS AT 30TH JUNE, 1997

	30.06.97	30.06.96
	KSHS	KSHS
N.B.K. Hill Branch NRB	4,759,401.85	22,352,096.95
N.B.K. Mombasa Branch	765,232.05	2,158,248.30
N.B.K. Kisumu Branch	9,851,840.00	669,721.70
K.C.B. Milimani Branch NRB	727,077.90	2,354,737.85
N.B.K. Mombasa Branch - Research	521,883.50	194,595.00
Cash in Hand (Kibos)	3,928.70	2,378.00
Cash in Hand (Mtwapa)	53,377.00	0.00
	16,682,741.00	27,731,777.80

SUGAR DEVELOPMENT FUND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1997

INVESTMENT SCHEDULE AS AT 30TH JUNE 1997

INSTITUTION	30.06.97 KSHS	30.06.96 KSHS
National Bank of Kenya, Hill Branch	12,898,149.80	
Co-operative Bank, Haile Selassie Ave.	32,952,527.45	
Savings & Loans	33,513,964.00	
National Bank of Kenya, Nkurumah Rd.	2,003,073.95	
National Bank of Kenya, Valley Rd.	10,010,246.60	
	<u>91,377,961.80</u>	<u>86,804,882.00</u>

CREDITORS AND ACCRUALS SCHEDULE AS AT 30TH JUNE, 1997

	30.06.97 KSHS	30.06.96 KSHS
Consultancy	0.00	252,573.00
Fuel and Oils	145,159.00	161,226.00
Motor Vehicle repairs	54,522.45	237,463.95
Sugar Research Levy	36,708,121.40	0.00
Audit Fees	80,000.00	130,000.00
Miscellaneous	263,627.20	315,159.80
Salaries	0.00	462,297.40
Consultancy (Computerisation)	720,000.00	0.00
Telephone	0.00	600,000.00
Postage	0.00	36,000.00
Electricity	198,000.00	108,000.00
Rents	0.00	984,000.00
Water	0.00	216,000.00
Rates	0.00	36,000.00
Toll Charges	0.00	6,000.00
Agency fees (Cotecna)	1,132,361.75	0.00
Road licence	0.00	18,000.00
Medical expenses	2,280.00	400,000.00
Publicity	118,831.60	0.00
Purchase of Chemicals	51,095.00	0.00
Compensation for use of Car	0.00	93,000.00
KSA (Inter-Company A/C)	17,530,140.15	27,081,816.25
With - holding Tax Provision	745,978.10	745,978.10
Trade Creditors	0.00	430,460.00
	<u>57,750,116.65</u>	<u>32,313,974.50</u>

SUGAR DEVELOPMENT FUND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1997

LOANS SCHEDULE AS AT 30TH JUNE 1997

	PRINCIPAL KSHS	TOTAL INTEREST	INTEREST OUTSTANDING	TOTAL KSHS
CHEMELIL SUGAR COMPANY	0.00	9,158,219.20	0.00	0.00
MUHORONI SUGAR COMPANY	283,289,575.25	70,991,557.60	70,991,557.60	354,281,132.85
MUHORONI OUTGROWERS COMPANY	0.00	0.00	0.00	0.00
MUMIAS OUTGROWERS COMPANY	0.00	0.00	0.00	0.00
NZOIA SUGAR COMPANY	493,612,839.10	90,624,965.00	90,002,362.25	583,615,201.35
NZOIA OUTGROWERS COMPANY	0.00	0.00	0.00	0.00
SOUTH NYANZA SUGAR COMPANY	70,000,000.00	23,203,726.05	23,203,726.05	93,203,726.05
SOUTH NYANZA OUTGROWERS COMPANY	0.00	0.00	0.00	0.00
WEST KENYA SUGAR COMPANY	20,000,000.00	2,901,369.85	2,901,369.85	22,901,369.85
BUSIA SUGAR COMPANY	3,500,000.00	671,712.35	671,712.35	4,171,712.35
MIWANI SUGAR COMPANY	31,532,210.00	4,172,690.15	4,172,690.15	35,704,900.15
MUMIAS SUGAR COMPANY	0.00	0.00	0.00	0.00
	901,934,624.35	201,724,240.20	191,943,418.25	1,093,878,042.60

CANE DEVELOPMENT

CHEMELIL SUGAR COMPANY	196,000,000.00	47,130,821.95	32,350,685.25	228,350,685.25
MUHORONI SUGAR COMPANY	77,000,000.00	44,043,287.65	43,944,657.55	120,944,657.55
MUHORONI OUTGROWERS COMPANY	30,000,000.00	3,554,794.50	3,554,794.50	33,554,794.50
MUMIAS OUTGROWERS	35,000,000.00	52,030,273.95	11,362,463.75	46,362,463.75
NZOIA SUGAR COMPANY	396,000,000.00	85,643,013.70	85,643,013.70	481,643,013.70
NZOIAOUTGROWERS COMPANY	188,186,514.00	37,872,001.95	32,872,001.95	221,058,515.95
SOUTH NYANZA SUGAR COMPANY	112,800,000.00	42,724,931.50	23,292,740.75	136,092,740.75
SOUTH NYANZA OUTGROWERS COMPANY	143,817,500.00	23,580,437.65	23,580,437.65	167,397,937.65
WEST KENYA SUGAR COMPANY	33,064,420.00	7,009,763.90	7,009,763.90	40,074,183.90
BUSIA SUGAR COMPANY	112,751,000.00	13,951,631.25	13,951,631.25	126,702,631.25
MIWANI SUGAR COMPANY	0.00	0.00	0.00	0.00
MUMIAS SUGAR COMPANY	45,000,000.00	2,336,301.35	2,336,301.35	47,336,301.35
	1,369,619,434.00	359,877,259.35	279,898,491.60	1,649,517,925.60

ROADS

CHEMELI SUGAR COMPANY	20,000,000.00	3,172,602.75	3,172,602.75	23,172,602.75
MUHORONI SUGAR COMPANY	10,000,000.00	3,357,534.25	3,357,534.25	13,357,534.25
MUHORONI OUTGROWERS COMPANY	0.00	0.00	0.00	0.00
MUMIAS OUTGROWERS COMPANY	0.00	0.00	0.00	0.00
NZOIA SUGAR COMPANY	10,000,000.00	3,300,000.00	3,300,000.00	13,300,000.00
NZOIA OUTGROWERS COMPANY	0.00	0.00	0.00	0.00
SOUTH NYANZA SUGAR COMPANY	0.00	0.00	0.00	0.00
SOUTH NYANZA OUTGROWERS COMPANY	0.00	0.00	0.00	0.00
WEST KENYA SUGAR COMPANY	0.00	0.00	0.00	0.00
BUSIA SUGAR COMPANY	0.00	0.00	0.00	0.00
MIWANI SUGAR COMPANY	5,000,000.00	1,676,712.35	1,676,712.35	6,676,712.35
MUMIAS SUGAR COMPANY	0.00	0.00	0.00	0.00
	45,000,000.00	11,506,849.35	11,506,849.35	56,506,849.35
	2,316,554,058.35	573,108,348.90	483,348,759.20	2,799,902,817.55

SUGAR DEVELOPMENT FUND

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1997

TOTAL LOANS ANALYSIS AS AT 30TH JUNE 1997

	PRINCIPAL	INTEREST	TOTAL
CHEMELIL SUGAR COMPANY	216,000,000.00	35,523,288.00	251,523,288.00
MUHORONI SUGAR COMPANY	370,289,575.25	118,293,749.40	488,583,324.65
MUHORONI OUTGROWERS COMPANY	30,000,000.00	3,554,794.50	33,554,794.50
MUMIAS OUTGROWERS	35,000,000.00	11,362,463.75	46,362,463.75
NZOIA SUGAR COMPANY	899,612,839.10	178,945,375.95	1,078,558,215.05
NZOIA OUTGROWERS COMPANY	188,186,514.00	32,872,001.95	221,058,515.95
SOUTH NYANZA SUGAR COMPANY	182,800,000.00	46,496,466.80	229,296,466.80
SOUTH NYANZA OUTGROWERS COMPANY	143,817,500.00	23,580,437.65	167,397,937.65
WEST KENYA SUGAR COMPANY	53,064,420.00	9,911,133.75	62,975,553.75
BUSIA SUGAR COMPANY	116,251,000.00	14,623,343.60	130,874,343.60
MIWANI SUGAR COMPANY	36,532,210.00	5,849,402.50	42,381,612.50
MUMIAS SUGAR COMPANY	45,000,000.00	2,336,301.35	47,336,301.35
	<u>2,316,554,058.35</u>	<u>483,348,759.20</u>	<u>2,799,902,817.55</u>



Planning to Fabricate Factory Spares for import substitution.





For further information contact:
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