

**AGRICULTURAL FINANCE  
CORPORATION**

90

PARLIAMENT  
OF KENYA  
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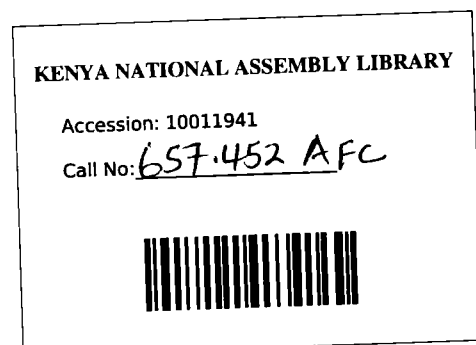


***Annual Report and Accounts***  
***For The Year Ended 30th June, 1995***

57.452  
AFC

# Contents

Chairman's Statement.....	2-4
Report of the Directors.....	5-11
Report of the Auditor General.....	12-15
Balance Sheet.....	16
Profit and Loss Account.....	17
Statement of Source and Application of Funds.....	18
Notes to the Accounts.....	19-33



**AGRICULTURAL FINANCE CORPORATION**

**THE CHAIRMAN'S REPORT**

**ON**

**THE 1994/1995 ACCOUNTS**

It gives me great pleasure to present the Annual Report and Accounts of the Agricultural Finance Corporation for the year ended 30th June, 1995.

In spite of the difficult operating environment resulting from the liberalisation process and the Corporation's fixed interest rates, I am happy to report that the Agricultural Finance Corporation managed to make a modest profit after tax of Shs. 20 million compared to Shs. 33.3 million made last year. The Corporation had expected to post poorer performance results due to the then instability in the agricultural sector caused by low prices in the international markets for our major export commodities.

**ECONOMIC REFORMS**

As the Government continued to implement reforms, the inflation rate was reduced from 19% at the beginning of the year to a single digit level by year end which was a great relief to people.

# **AGRICULTURAL FINANCE CORPORATION**

## **THE CHAIRMAN'S REPORT**

**ON**

### **THE 1994/1995 ACCOUNTS**

The Kenya shilling had mixed performance over major currencies during the year, gaining during the first half of the year where it exchanged at 44 per dollar before plunging and exchanging during the second half of the year at 53 per dollar.

#### **CORPORATE PERFORMANCE**

During the year, the Corporation's income increased by KShs.20.9 million (4.1%) from KShs.512.5 million to KShs.533.4 million.

The assets increased by KShs.200.0 million (4.5%) from KShs.4.4 billion in 1993/1994 to KShs.4.6 billion in the year under review.

This positive performance is mainly attributed to the dedication to duty by management and entire staff of the Corporation.

#### **OUTLOOK**

Looking into the future, I see light in the tunnel and I would like to laud the Government in this regard for reducing the budget deficit and directing efforts to close the loopholes through which public funds have been lost. The Corporation on its part will assist the Government by ensuring efficiency, transparency and accountability in the provision of credit to the farming community.

**AGRICULTURAL FINANCE CORPORATION**

**THE CHAIRMAN'S REPORT**

**ON**


**THE 1994/1995 ACCOUNTS**

**APPRECIATION.**

I would like to record my appreciation to the farmers who timely service their loans, the World Bank for its continued support and the Agricultural Finance Corporation staff for their dedication to duty.

Finally, I acknowledge the enabling environment that has prevailed in the country due to the able and wise leadership of

His Excellency the President, Daniel Toroitich Arap Moi and his Government.

  
L. O. ODERO  
CHAIRMAN  
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**AGRICULTURAL FINANCE CORPORATION**

**THE DIRECTORS' REPORT**

**ON**

**THE 1994/1995 ACCOUNTS**

The Directors have the pleasure to present the Annual Report and Accounts of the Agricultural Finance Corporation for the year ended 30th June, 1995.

**THE DIRECTORS**

The Corporation was steered by the following Board Members during the year.

- |                         |   |                    |
|-------------------------|---|--------------------|
| Mr. Leo P. Odero        | - | Chairman.          |
| Mr. Gideon K. Toroitich | - | Managing Director. |
| Mr. Daniel M. Ndonge    | - | Member.            |
| Mr. Ephainito Wanyama   | - | Member.            |
| Mr. Evans M. Ngava      | - | Member.            |
| Mr. Aden Odowa          | - | Member.            |
| Mr. Ayub Siele          | - | Member.            |

**AGRICULTURAL FINANCE CORPORATION**

**THE DIRECTORS' REPORT**

**ON**

**THE 1994/1995 ACCOUNTS**

**The Permanent Secretary**

**Ministry of Finance - Member.**

**The Permanent Secretary**

**Ministry of Agriculture**

**Livestock Development**

**and Marketing - Member.**

**MANAGEMENT**

The day-to-day management of the Corporation was in the hands of the Managing Director Mr. G.K. Toroitich who is responsible to the Board. He was assisted by the following Chief Officers:-

**Miss Jean Gacheche - Corporation Secretary.**

**Mr. Jared Othieno - Personnel & Admin Manager.**

**Mr. Francis S. Wanyama - Financial Controller.**

**Mr. Tirop Kosgei - Assistant General Manager.**

**AGRICULTURAL FINANCE CORPORATION**

**THE DIRECTORS' REPORT**

**ON**

**THE 1994/1995 ACCOUNTS**

Mr. Mathew K. Wanyama	-	Assistant General Manager.
Mr. Ben S. Mbatia	-	Assistant General Manager.
Mr. Yoram T. Jilo	-	Technical Services Manager.
Mr. David N. Riungu	-	Chief Planning Officer.
Mr. John M. Kimonge	-	Chief Internal Auditor.

**STAFF**

The Corporation had a staff complement of 1199 at the beginning of the year and 1194 at the end. Sports activities for staff continued being promoted for we believe in the dictum that work without play makes one a dull employee. Our Netball, Football, Choir, Scrabble, Darts and Christian Union Clubs were in action throughout the year.

**AGRICULTURAL FINANCE CORPORATION**

**THE DIRECTORS' REPORT**

**ON**

**THE 1994/1995 ACCOUNTS**

To score the importance attached to training and sports, the Corporation is putting up a Training and Sports Centre that is due for completion next financial year.

**BRANCHES**

The Corporate network of 49 branches which covers all Provinces and most Districts was maintained to serve the farming community. Over half of the branches operate in Agricultural Finance Corporation owned buildings and the rest operate in rented premises.

**AGRICULTURAL FINANCE CORPORATION**

**THE DIRECTORS' REPORT**

**ON**

**THE 1994/1995 ACCOUNTS**

**ACTIVITIES.**

Agricultural Finance Corporation is a Government owned statutory body established under the Agricultural Finance Corporation Act Cap 323 of 1963 for purpose of assisting in the development of agriculture by giving loans to persons engaged in the said vocation. During the year, KShs.500 million was lent to farmers, which is a reduction of 35% compared with KShs.763 million lent last year. The reduction was mainly due to reduced activity on Seasonal Crop Credit loans.

**AGRICULTURAL FINANCE CORPORATION**

**THE DIRECTORS' REPORT**

**ON**

**THE 1994/1995 ACCOUNTS**

**RESULTS**

	1995	1994
	<u>K.£'000</u>	<u>K.£'000</u>
Total Income	26,672	25,626
Total Expenses	<u>25,133</u>	<u>23,062</u>
Profit before Tax	1,539	2,564
Tax	<u>539</u>	<u>897</u>
Retained Profit	<u>1,000</u>	<u>1,667</u>

**AUDITORS**

The Auditors of the Corporation remain Auditor General  
(Corporations).

**AGRICULTURAL FINANCE CORPORATION**

**THE DIRECTORS' REPORT**

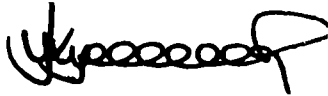
**ON**

**THE 1994/1995 ACCOUNTS**

**BANKERS**

The Corporation Bankers are National Bank of Kenya Ltd., Moi Avenue  
Branch Nairobi.

For and on behalf of the Directors.



**G. K. TOROITICH  
MANAGING DIRECTOR**

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF**  
**AGRICULTURAL FINANCE CORPORATION FOR THE**  
**YEAR ENDED 30TH JUNE, 1995**

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF

**AGRICULTURAL FINANCE CORPORATION FOR**

**THE YEAR ENDED**

**30TH JUNE, 1995**

I have examined the accounts of Agricultural Finance Corporation for the year ended 30th June, 1995 in accordance with Section 29

(2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations I required for the purpose of the audit. Proper books of account have been kept and the accounts, which have been prepared under the historical cost convention, are in agreement therewith and comply with the Agricultural Finance Corporation Act, (Cap 323).

Subject to the reservations set out herebelow, in my opinion, the accounts when read together with the notes to the accounts, give a true and fair view of the Corporation's financial state of affairs as at 30th June, 1995 and of its profit and source and application of funds for the year ended on that date.

**1. RESTRUCTURING.**

As previously reported, the Government through Agricultural Finance Corporation engaged consultants to make recommendations on restructuring of the Corporation's Balance Sheet as at 30th June, 1989.

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF  
AGRICULTURAL FINANCE CORPORATION FOR**

**THE YEAR ENDED**

**30TH JUNE, 1995**

The restructuring was aimed at, among other measures, eliminating from the Balance Sheet loans and debts due to the Corporation but whose recoverability was doubtful and similarly eliminating from the Balance Sheet certain corresponding liabilities owed by the Corporation and converting some of the liabilities into equity Capital or Government Grants. The recommendations for the restructuring were subject to approval of the Government, but although they have been with Government for a number of years, no approval has been given so far. The Government's approval and acceptance of the consultants' recommendations in view of the lapse of time therefore, appears doubtful and there may be need for fresh review of the restructuring to take into account changes in the circumstances since 1989.

**2. LOANS ARREARS FROM FARMERS.**

As in the previous year, loans and interests repayment due from farmers have continued to increase and stood at K£. 106,957,541 as at 30th June, 1995 compared with K£. 84,667,959 as at 30th June, 1994. The trend of loan repayment arrears unless corrected is

likely to affect adversely the loan portfolio capacity of the Corporation, as the amount involved is substantial. Further, the amount of provision for bad and doubtful debts of K£. 9,999,788 provided for as per note seven to the accounts is considered in my opinion inadequate, taking into account that there was a Government directive in 1989 that some of these loans be written off.

**AGRICULTURAL FINANCE CORPORATION FOR**

**THE YEAR ENDED**

**30TH JUNE, 1995**

**3. REDEEMABLE LOANS.**

As reported in the previous year, the Corporation did not service any portion of the redeemable loan of K£.7,244,958 which had fallen due over a number of years including the portion for the year under review. Likewise, it did not service the accumulated interests of K£.60,379,758 on account of both irredeemable and redeemable loans as well as on Seasonal Crop Credit loan of K£.17,900,000 which has been outstanding for a number of years. It is therefore evident that the Corporation is heavily indebted and urgent effective action needs to be taken to reverse the trend to prevent the Corporation from slipping into technical insolvency.

**4. DEBTORS.**

Included in the Balance Sheet debtors figure of K£.3,686,341 is an amount of K£.1,554,581 composed of an original deposit of K£.817,500 and an interest of K£.737,081 due from a building society. The deposit matured in 1989 but since then no repayment has been made and the amount is subject to a Court case whereby the Society is seeking court orders to restrain the Corporation from disposing of the property pledged as security while the Corporation has filed a counter suit. In the circumstances, I am unable to determine the loss the Corporation is likely to incur.



**W.K. KEMEI**  
**AUDITOR-GENERAL (CORPORATIONS)**

**21ST MAY, 1996.**

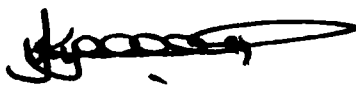
**AGRICULTURAL FINANCE CORPORATION**  
**BALANCE SHEET AS AT 30TH JUNE, 1995.**

<u>ASSETS:</u>	NOTES	1995 K£	1994 K£
CASH & BANK BALANCES		3,106,729	4,496,513
SHORT TERM DEPOSITS		10,480,571	16,122,255
DEBTORS	3	3,686,341	2,977,822
CONSUMABLE STORES		106,415	101,941
		17,380,056	23,698,531
<u>LOANS TO FARMERS:</u>			
LARGE SCALE	4	91,212,541	85,320,525
SMALL SCALE	5	38,814,540	29,104,292
SEASONAL CROP	6	57,839,300	61,869,261
		187,866,381	176,294,078
PROV. FOR DOUBTFUL DEBTS	7	(9,999,788)	(8,786,079)
		177,866,593	167,507,999
REPOSSESSED PROPERTIES	8	431,901	461,786
STAFF LOANS	9	3,389,157	3,151,444
B.A.T. LOANS	10	298,631	298,469
FIXED ASSETS	11(i)	32,470,553	25,669,147
		214,456,835	197,088,845
		231,836,891	220,787,376
<u>LIABILITIES AND CAPITAL:</u>		=====	=====
CREDITORS & ACCD. CHARGES	12	68,731,902	65,893,233
PROVISION FOR TAX	13	10,748,383	10,209,712
DUE TO AGENCY	14	20,457,443	18,838,773
LAND, TRACTOR BORR. DEPS.		105,855	109,943
BANK LOAN	15	12,608,147	17,850,942
AFC SCC LOANS	16	17,900,000	17,900,000
REDEEMABLE LOANS	17	68,980,169	58,680,169
IRREDEEMABLE LOANS	18	14,174,606	14,174,606
		213,706,505	203,657,378
REVALUATION RESERVE		3,539,160	3,539,160
GENERAL RESERVE	19	7,991,276	6,992,944
REVOLVING FUND	20	61,415	59,359
GRANTS	21	6,538,535	6,538,535
		231,836,891	220,787,376
		=====	=====

The accounts on pages 16 to 33 were approved by the Board of Directors on 15/02/1996 and were signed on its behalf by:



L. P. ODERO  
CHAIRMAN



G. K. TOROITICH  
MANAGING DIRECTOR

**AGRICULTURAL FINANCE CORPORATION**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR-ENDED 30TH JUNE, 1995.**

	NOTES	1995 K£	1994 K£
<u>INCOME:-</u>		-----	-----
<u>INTEREST INCOME:-</u>			
LARGE SCALE	4	9,944,155	8,191,436
SMALL SCALE	5	4,738,219	2,768,008
SEASONAL CROP	6	8,416,698	6,069,178
OTHERS	22	1,751,307	6,604,347
		-----	-----
		24,850,379	23,632,969
		-----	-----
<u>OTHER INCOME.</u>			
AGENCY COMMISSION		520,235	513,021
APP. LEGAL & INSP. FEES		570,318	804,624
PROFIT ON SALE OF ASSETS		64,352	123,909
RENT		588,368	462,146
SUNDRIES		77,883	89,211
		-----	-----
		1,821,156	1,992,911
		-----	-----
<u>TOTAL INCOME</u>		26,671,535	25,625,880
		-----	-----
<u>EXPENSES:-</u>			
<u>INTEREST EXPENSES ON:</u>			
IRREDEEMABLE LOANS		410,880	410,880
REDEEMABLE LOANS		3,924,993	3,586,664
AFC SCC LOANS		2,506,000	2,506,000
REBATE INTEREST		325,843	456,368
BANK LOAN		2,382,205	2,916,199
		-----	-----
		9,549,921	9,876,111
		-----	-----
<u>OTHER EXPENSES:-</u>			
BOARD MEMBERS' ALLOWANCES		41,497	39,773
STAFF COSTS	23	8,148,295	7,787,339
ADMINISTRATION	24	5,526,180	4,703,330
DOUBTFULL DEBTS	25 & 26	1,183,894	(236,449)
DEPRECIATION	11	682,689	891,850
		-----	-----
		15,582,555	13,185,843
		-----	-----
<u>TOTAL EXPENSES:-</u>		25,132,476	23,061,954
		-----	-----
PROFIT BEFORE TAX		1,539,059	2,563,926
TAXATION	13	538,671	897,374
		-----	-----
TRANSFER TO GEN. RESERVE	19	1,000,388	1,666,552
		=====	=====

**AGRICULTURAL FINANCE CORPORATION STATEMENT OF SOURCES AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30TH JUNE, 1995.**

<u>SOURCES:-</u>	NOTE	K£	K£
PROFIT BEFORE TAXATION		1,539,059	2,563,926
		-----	-----
<u>ADD:</u> DEPRECIATION	11 (ii)	672,951	891,850
PRO FOR BAD & DOUBT DEBTS		1,213,710	(325,603)
BAD DEBTS WRITTEN OFF		0	89,154
PROFIT ON SALE OF ASSETS		0	(123,909)
PROV FOR D. BEBTS (F.P.I.P)		(29,885)	0
		-----	-----
		1,856,776	531,492
		-----	-----
TOTAL FROM OPERATIONS		3,395,835	3,095,418
		-----	-----
<u>OTHER SOURCES</u>			
REPAYMENT FROM FARMERS		36,551,617	37,076,144
REDEEMABLE LOANS RECEIVED		10,300,000	1,571,758
SALE OF ASSETS		0	156,194
B.A.T. & STAFF LOANS REPAID		597,216	604,439
REPAYMENT OF F.P.I.P.		66,271	0
		-----	-----
		47,515,104	39,408,535
		-----	-----
TOTAL SOURCES		50,910,939	42,503,953
		-----	-----
<u>APPLICATTIONS:-</u>			
ADVANCES TO FARMERS		25,024,848	38,143,180
LOANS TO STAFF		605,515	365,469
FIXED ASSETS ACQUIRED		7,474,357	7,309,171
FARM PROPERTIES ACQUIRED		6,501	23,202
POSTBANK LOAN REPAID		7,625,000	2,250,000
		-----	-----
		40,736,221	48,091,022
		-----	-----
		10,174,718	(5,587,069)
		=====	=====
<u>WORKING CAPITAL CHANGES:-</u>			
INCREASE INT. RECEIVABLE FROM FARMERS		23,099,072	17,028,622
INT. ON STAFF & B.A.T. LOANS		229,576	214,032
INCREASE IN CONSUMABLE STORES		4,474	17,231
INCREASE IN DEBTORS		708,519	1,718,511
(INCREASE) IN CREDITORS		(2,838,670)	(9,081,679)
(INCREASE)/DECREASE IN LAND & TRAC DEPS.		4,088	(495)
INCREASE IN BANK LOAN INTEREST		(2,382,205)	(2,916,251)
(INCREASE) IN SCC AGENCY		(1,618,670)	(1,164,469)
		-----	-----
		17,206,184	5,815,502
		-----	-----
<u>NET MOVEMENT IN LIQUID FUNDS.</u>			
(DECREASE)/INCREASE IN SHORT TERM DEPS.		(5,641,683)	(11,539,121)
(DECREASE)/INCREASE IN CASH & BANK BAL.		(1,389,783)	136,550
		-----	-----
		(7,031,466)	(11,402,571)
		-----	-----
NET INCREASE IN WORKING CAPITAL		10,174,718	(5,587,069)
		=====	=====

**AGRICULTURAL FINANCE CORPORATION**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED**  
**30TH JUNE, 1995**

1. **BASIS OF ACCOUNTING**

The accounts of the Corporation are prepared under the historical cost convention modified to include revaluation of certain assets.

2. **SCOPE OF THE ACCOUNTS**

The accounts cover the corporation's operations in relation to all loan schemes with the exception of Seasonal crop credit schemes for the years 1980 to 1984 which were operated on agency basis on behalf of the Government. However, the total cost of administration incurred by the Corporation including that in respect of the agency schemes has been included in these accounts.

3. **DEBTORS**

	1995	1994
	K. £	K. £
	-----	-----
Unallocated loan disbursements	180,899	368,171
Auction fees & advert. charges	1,032,666	629,386
Development house rent accrued	486,282	240,155
Other rent receivable	95,989	80,750
Prepaid expenses	61,393	30,703
Other accounts receivable	186,395	175,876
Recoverable fees and charges	88,136	11,232
Agrarian Building Society	1,554,581	1,441,549
	-----	-----
<b><u>BALANCE AT 30TH JUNE, 1995</u></b>	<b>3,686,341</b>	<b>2,977,822</b>
	=====	=====

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

**4. LARGE SCALE LOANS.**

	1995	1994
	K. £	K. £
<b><u>BALANCE AS AT 1ST JULY, 1994</u></b>		
Not Yet Due: Principal	53,896,337	52,203,876
Interest	2,909,261	3,598,087
Arrears: Principal	11,426,164	10,980,789
Interest	12,096,921	11,027,399
Interest on arrears	4,991,842	4,503,259
	<u>85,320,525</u>	<u>82,313,410</u>
	=====	=====
<b>ADD: <u>TRANSACTIONS DURING THE YEAR</u></b>		
Advances	7,966,087	8,275,492
Interest earned	9,944,155	8,191,436
Repayments	(12,018,226)	(13,377,862)
Write-off	0	(81,951)
	<u>5,892,016</u>	<u>3,007,115</u>
	-----	-----
<b><u>BALANCE AS AT 30TH JUNE, 1995</u></b>	91,212,541	85,320,525
	=====	=====
<b><u>ANALYSIS OF BALANCES AS AT 30TH JUNE, 1995</u></b>		
Not Yet Due: Principal	54,648,758	53,896,337
Interest	3,862,263	2,909,261
Arrears: Principal	12,603,124	11,426,164
Interest	13,868,487	12,096,921
Interest on arrears	6,229,909	4,991,842
	<u>91,212,541</u>	<u>85,320,525</u>
	=====	=====
<b><u>PROVISION FOR DOUBTFUL DEBTS:</u></b>		
Balance as at 1st July, 1994	5,913,411	6,375,628
Charge/(Writeback) for the year	1,276,829	(462,217)
	<u>7,190,240</u>	<u>5,913,411</u>
	-----	-----
<b><u>BALANCE AS AT 30TH JUNE, 1995 .</u></b>	7,190,240	5,913,411
	=====	=====
<b><u>LOANS OPENED BUT NOT DISBURSED</u></b>		
Balance as at 1st July, 1994	1,719,155	2,222,606
Opened During the year	8,268,171	7,772,041
Drawings	(7,966,087)	(8,275,492)
	<u>2,021,239</u>	<u>1,719,155</u>
	-----	-----
<b><u>BALANCE AS AT 30TH JUNE, 1995</u></b>	2,021,239	1,719,155
	=====	=====

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

5. **SMALL SCALE LOANS**

	1995 K £	1994 K. £
<b><u>BALANCE AS AT 1ST JULY, 1994</u></b>	-----	-----
Not Yet Due: Principal	11,582,005	9,804,618
Interest	622,088	475,574
Arrears: Principal	9,266,447	9,723,629
Interest	2,242,037	2,375,636
Interest on arrears	5,391,715	4,769,515
	-----	-----
	29,104,292	27,148,973
	=====	=====
 <b><u>ADD: TRANSACTIONS DURING THE YEAR</u></b>		
Advances	11,833,571	5,769,915
Interest earned	4,738,219	2,768,008
Repayments	(6,861,542)	(6,576,982)
Write-off	0	(5,622)
	-----	-----
	9,710,248	1,955,319
	-----	-----
	38,814,540	29,104,292
	=====	=====
 <b><u>ANALYSIS OF BALANCES AS AT 30TH JUNE, 1995</u></b>		
Not Yet Due: Principal	19,524,704	11,582,005
Interest	1,992,964	622,088
Arrears: Principal	8,948,835	9,266,447
Interest	2,207,268	2,242,037
Interest on arrears	6,140,769	5,391,715
	-----	-----
<b>BALANCE AS AT 30TH JUNE, 1995</b>	38,814,540	29,104,292
	=====	=====
 <b><u>PROVISION FOR DOUBTFUL DEBTS:</u></b>		
Balance as at 1st July, 1994	1,474,902	1,437,860
(Writeback)/Charge for the year	(35,043)	37,042
	-----	-----
<b>BALANCE AS AT 30TH JUNE, 1995</b>	1,439,859	1,474,902
	=====	=====
 <b><u>LOANS OPENED BUT NOT DISBURSED</u></b>		
Balance as at 1st July, 1994	1,216,973	2,208,312
Opened During the year	11,243,296	4,778,576
Drawings	(11,833,571)	(5,769,915)
	-----	-----
<b>BALANCE AS AT 30TH JUNE, 1995</b>	626,698	1,216,973
	=====	=====

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

**6. SEASONAL CROP LOANS.**

	1995	1994
<u>BALANCE AS AT 1ST. JULY 1994</u>	K.£	K.£
Not Yet Due: Principal	22,143,298	13,540,563
Interest	473,130	470,263
Arrears: Principal	23,256,091	21,491,495
Interest	1,635,282	1,353,869
Interest on Arrs.	14,361,460	11,967,420
	<hr/>	<hr/>
	61,869,261	48,823,610
	=====	=====
 <b><u>ADD: TRANSACTIONS DURING THE YEAR</u></b>		
Advances	5,225,190	24,097,773
Interest earned	8,416,698	6,069,178
Repayments	(17,671,849)	(17,121,300)
	<hr/>	<hr/>
	(4,029,961)	13,045,651
	<hr/>	<hr/>
<b><u>BALANCE AS AT 30TH JUNE, 95</u></b>	57,839,300	61,869,261
	=====	=====
 <b><u>ANALYSIS OF BALANCES AS AT 30TH JUNE 1995</u></b>		
Not Yet Due:- Principal	796,640	22,143,298
Interest	83,511	473,130
Arrears: Principal	36,760,122	23,256,091
Interest	2,577,293	1,635,282
Int. On Arrs.	17,621,734	14,361,460
	<hr/>	<hr/>
<b><u>BALANCE AS AT 30TH JUNE, 95</u></b>	57,839,300	61,869,261
	=====	=====
 <b><u>PROVISION FOR DOUBTFUL DEBTS:</u></b>		
Balance as at 1st July, 1994	1,397,766	1,296,939
(Writeback)/Charge for the year	(28,077)	100,827
	<hr/>	<hr/>
<b><u>BALANCE AS AT 30TH JUNE, 95</u></b>	1,369,689	1,397,766
	=====	=====
 <b><u>LOANS OPENED BUT NOT DISBURSED</u></b>		
Balance as at 1st July, 1994	7,869,101	4,259,188
Opened During the year	(3,529,441)	27,707,686
Drawings	(5,225,190)	(24,097,773)
	<hr/>	<hr/>
<b><u>BALANCE AS AT 30TH JUNE, 1995</u></b>	(885,530)	7,869,101
	=====	=====

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

**7. PROVISION FOR BAD AND DOUBTFUL DEBTS:**

The provision for bad and doubtful loans to farmers is arrived at by identifying specific bad and doubtful debts on various classes of loans.

The provision is as follows:

<u>LOANS.</u>	1995 K£	1994 K£
LARGE SCALE LOANS	7,190,240	5,913,411
SMALL SCALE LOANS	1,439,859	1,474,902
SEASONAL CROP LOANS	1,369,689	1,397,766
	<hr/>	<hr/>
	9,999,788	8,786,079
	=====	=====

**8. REPOSSESSED FARM PROPERTIES:**

These are revalued at the total of the principal and interest due at the date of foreclosure less subsequent recoveries. The

amount outstanding as at 30th June, 1995 was K£ 863,802. However,

the Corporation has been unable to realise these properties and is of the opinion that if a forced sale could be effected,

material losses would arise. In view of this, a 50% provision

has been made against these balances leaving a net figure of

K£ 431,901. The Corporation is of the opinion that the provision is sufficient to cover any possible losses that may arise when

such properties are eventually sold.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995

9. LOANS TO STAFF

	HOUSE LOANS K.£	CAR LOANS K.£	PERSONAL ADVANCES K.£	TOTALS K.£
	-----	-----	-----	-----
<u>BAL. AS AT</u>				
01.07.94				
Principal	2,222,026	106,437	(9,665)	2,318,798
Interest	708,964	108,505	15,177	832,646
	<u>2,930,990</u>	<u>214,942</u>	<u>5,512</u>	<u>3,151,444</u>
	-----	-----	-----	-----

TRANSACTIONS IN  
THE YEAR:

Advances	482,051	82,906	40,558	605,515
Interest earned	172,205	11,528	4,622	188,355
Repayments	(438,503)	(73,233)	(44,421)	(556,157)
	<u>215,753</u>	<u>21,201</u>	<u>759</u>	<u>237,713</u>
	-----	-----	-----	-----
Balance as at 30.06.95	<u>3,146,743</u>	<u>236,143</u>	<u>6,271</u>	<u>3,389,157</u>
	=====	=====	=====	=====

ANALYSIS OF  
BALANCES

Principal	2,265,574	116,111	(13,308)	2,368,376
Interest	881,169	120,033	19,579	1,020,781
	<u>3,146,743</u>	<u>236,144</u>	<u>6,271</u>	<u>3,389,157</u>
	=====	=====	=====	=====
Balance as at 30.06.95	<u>3,146,743</u>	<u>236,144</u>	<u>6,271</u>	<u>3,389,157</u>
	=====	=====	=====	=====

10. BRITISH AMERICAN  
TOBACCO (K) LTD  
LOANS:

	1995 K.£	1994 K.£
	-----	-----
BALANCE AS AT 1ST. JULY 1994	298,469	308,651
ADD: <u>TRANSACTIONS DURING THE YEAR:</u>		
INTEREST EARNED	41,221	41,058
REPAYMENTS	(41,059)	(51,240)
	<u>162</u>	<u>(10,182)</u>
	-----	-----
BALANCE AS AT 30TH JUNE, 1995	<u>298,631</u>	<u>298,469</u>
	=====	=====

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

**11 (i) FIXED ASSETS:**

	LAND	BUILDINGS	MOTOR VEHICLES	FURNITURE &EQUIPMENT	TOTALS
	K.£	K.£	K.£	K.£	K.£
	-----	-----	-----	-----	-----
<b><u>COSTS:-</u></b>					
<b>BALANCE</b>					
01-07-94	17,517	26,552,651	3,458,812	3,158,042	33,187,022
TRANSFERS	0	(6,653)	0	18,449	11,796
	-----	-----	-----	-----	-----
	17,517	26,545,998	3,458,812	3,176,491	33,198,818
<b>ADDITIONS</b>	125,000	6,708,584	175,000	453,977	7,462,561
<b>DISPOSALS</b>	0	0	0	0	0
	-----	-----	-----	-----	-----
<b>BALANCE</b>	142,517	33,254,582	3,633,812	3,630,468	40,661,379
30-06-95	-----	-----	-----	-----	-----
<b><u>DEPRECIATION:</u></b>					
<b>BAL. 01-07-94</b>	0	1,847,008	3,248,088	2,422,779	7,517,875
<b>REALLOCATION</b>	0	(8,819)	0	(919)	(9,738)
	-----	-----	-----	-----	-----
<b>ADJ. BALANCE</b>					
01-07-94	0	1,838,189	3,248,088	2,421,860	7,508,137
TRANSFERS	0	0	0	0	0
CHARGE FOR YR.	0	280,028	169,244	233,417	682,689
DISPOSALS	0	0	0	0	0
	-----	-----	-----	-----	-----
<b>BALANCE</b>	0	2,118,217	3,417,332	2,655,277	8,190,826
30-06-95	-----	-----	-----	-----	-----
<b><u>NET BOOK VAL.</u></b>					
<b>BALANCE</b>					
30-06-95	142,517	31,136,365	216,480	975,191	32,470,553
	=====	=====	=====	=====	=====
<b>BALANCE</b>					
30-06-94	17,517	24,705,643	210,724	735,263	25,669,147
	=====	=====	=====	=====	=====

**11 (ii) DEPRECIATION:-**

The depreciation charge per the statement of source and application of funds is arrived at by deducting the adjustment of K.£9,738 on accumulated depreciation from the charge of K.£682,689 per Note 11(i) above.

Depreciation is computed on a straight line basis so as to write off the cost of the fixed assets over their expected useful lives. The applicable rates of depreciation are as set out below:-

Office and Residential Buildings .....	2.0%
Show Stands .....	10.0%
Office Furniture .....	12.5%
Office Fittings .....	20.0%
Office Equipment.....	20.0%
Motor Vehicles.....	25.0%

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

**12. CREDITORS AND ACCRUED CHARGES:**

	1995 K. £	1994 K. £
Borrowers' Credit Balances	5,514,292	4,851,305
Unallocated Receipts	202,630	401,418
Sundry creditors payroll	166,263	444,937
Sundry creditors general	1,301,672	794,764
Stale cheques	305,606	57,576
Interest accrued on loan funds	36,538,065	32,202,193
Interest accrued on scc loans	23,841,693	21,335,694
External audit fee accrued	37,500	37,500
Gratuity	106,469	154,413
Due to Marketing Bodies	314,306	717,984
Loan drafts outstanding	403,406	4,895,449
	-----	-----
<b><u>BALANCE AT 30TH JUNE, 1995</u></b>	<b>68,731,902</b>	<b>65,893,233</b>
	=====	=====

**13. TAXATION:**

The Income Tax Liability of the Corporation has not yet been agreed upon with the Income Tax Department since 1980. However, full provision has been made in the accounts for each of the years concerned. The Corporation has applied for total exemption from tax on income from its operations except on its net rent income.

The balance on this account is arrived at as follows:

	K. £
Balance as at 1st July, 1994	10,209,712
Tax charge for year	538,671
	-----
<b><u>BALANCE AT 30TH JUNE, 1995</u></b>	<b>10,748,383</b>
	=====

**14. DUE TO AGENCY:**

The balance due to the agency as at 30th June, 1995 is as follows:

	1995 K. £	1994 K. £
Due to Agency	29,158,621	27,019,716
Commission Receivable	(8,701,178)	(8,180,943)
	-----	-----
Net balance	20,457,443	18,838,773
	=====	=====

Agency commission receivable from operating Seasonal Crop Credit Schemes 22, 23 & 24 loan schemes has been included in the income for the year in the sum of K.£.520,235.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

15. <u>BANK LOAN:</u>	1995 K.£ -----	1994 K.£ --- -----
Balance as at 1st July, 1994	17,850,942	17,184,743
Interest accrued	2,382,205	2,916,199
Repayment	(7,625,000)	(2,250,000)
	<hr/>	<hr/>
Balance as at 30th June, 1995	12,608,147 =====	17,850,942 =====

16. LOANS FOR SEASONAL CROP CREDIT:

Balance as at 1st July, 1994	17,900,000	17,900,000
Receipts in the year	0	0
	<hr/>	<hr/>
Balance as at 30th June, 95	17,900,000 =====	17,900,000 =====

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995****17. REDEEMABLE LOANS:**

(a) The redeemable loans outstanding as at 30th June, 1995 were as follows:

	1995 K.£	1994 K.£
	<u>                    </u>	<u>                    </u>
LAND PURCHASE AND DEVELOPMENT	7,955,410	7,955,410
AFC SMALL SCALE	811,797	811,797
KFW SMALL SCALE	561,241	561,241
IDA 105	698,688	698,688
IDA 344	2,359,147	2,359,147
IDA 129 KE LIVESTOCK	1,591,805	1,591,805
IDA 477 KE LIVESTOCK	5,546,625	5,546,625
IDA 537 KE G.F.R.	3,111,681	3,111,681
IDA 1143 KE	793,637	793,637
IBRD 1995 KE	24,831,665	24,831,665
AFC CREDIT 4	20,696,023	20,696,023
PINEAPPLE LOANS	22,450	22,450
	<u>                    </u>	<u>                    </u>
	68,980,169	58,680,169
	=====	=====

(b) They are further classified as follows:

	1995 K.£	1994 K.£
	<u>                    </u>	<u>                    </u>
Amounts Due but unpaid	7,244,958	6,831,327
Amounts due within 12months	591,631	591,631
	<u>                    </u>	<u>                    </u>
Current portion	7,836,589	7,422,958
Amounts due after 12 months	61,143,580	51,257,211
	<u>                    </u>	<u>                    </u>
Total Redeemable loans	68,980,169	58,680,169
	=====	=====

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995****18. IRREDEEMABLE INTEREST BEARING LOANS:**

	1995 K. £	1994 K. £
	<hr/>	<hr/>
Land purchase and Development	4,005,000	4,005,000
IDA 692 KE	10,169,606	10,169,606
	<hr/>	<hr/>
	14,174,606	14,174,606
	=====	=====

**19. GENERAL RESERVE**

	1995 K. £	1994 K. £
	<hr/>	<hr/>
Balance as at 1st July, 1994	6,992,944	5,328,178
Profit after taxation for the year	1,000,388	1,666,552
	<hr/>	<hr/>
Transfer to revolving fund	7,993,332 (2,056)	6,994,730 (1,786)
	<hr/>	<hr/>
Balance as at 30th June, 1995	7,991,276	6,992,944
	=====	=====

**20. REVOLVING FUND**

	1995 K. £	1994 K. £
	<hr/>	<hr/>
Balance as at 1st July, 1994	59,359	57,573
Transfer from General reserve	2,056	1,786
	<hr/>	<hr/>
Balance as at 30th June, 1995	61,415	59,359
	=====	=====

The transfer to the revolving fund represents 2% on interest earned on scheme 06 as per section 2.08 of the agreement between the Government of Kenya and the Corporation.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

21. <u>GRANTS</u>	1995 K.£	1994 K.£
	<hr/>	<hr/>
<u>DETAILS</u>		
Development	1,030,558	1,030,558
Rehabilitation	937,608	937,608
I.C.A	125,000	125,000
Special Emergency Fund	173,500	173,500
Ministry of Finance	2,000,000	2,000,000
IDA 105/344	108,395	108,395
IDA 692	166,740	166,740
Vihiga	35,000	35,000
North Tetu	7,450	7,450
IADP	13,906	13,906
Narok Agricultural Dev. Project	38,000	38,000
World Bank Credit 4	1,096,272	1,096,272
IDA 1143 KE	726,434	726,434
IDA 1995 KE	79,672	79,672
	<hr/>	<hr/>
	6,538,535	6,538,535
	=====	=====

22. <u>OTHER INTEREST INCOME</u>	1995 K.£	1994 K.£
	<hr/>	<hr/>
Short Term Deposits	752,529	4,764,005
Staff Loans	188,354	167,687
Bank Balances	769,203	1,631,597
B.A.T Loans	41,221	41,058
	<hr/>	<hr/>
	1,751,307	6,604,347
	=====	=====

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

	1995	1994
	K. £	K. £
<b>23. <u>STAFF COSTS:-</u></b>		
Salaries	4,404,896	4,546,581
House Allowance	1,713,073	1,521,300
Hardship allowance	32,873	33,531
Outpatient medical expenses	519,926	474,224
Inpatient medical expenses	142,860	87,699
Pension and Insurance	680,421	468,013
Leave Travel Expenses	126,929	64,612
Gratuity	165,540	170,502
Training expenses	116,744	267,069
Other emoluments	138,938	126,570
Uniforms	106,095	27,238
	<hr/>	<hr/>
	8,148,295	7,787,339
	<hr/> <hr/>	<hr/> <hr/>

	1995	1994
	K. £	K. £
<b>24. <u>ADMINISTRATION EXPENSES:</u></b>		
Travel & Hotel expenses	450,008	474,460
General office exp. & security	490,476	373,270
Audit fees & Expenses	37,500	37,500
Legal fees	77,737	53,060
Telephone & telex	206,872	132,729
Office rentals	453,231	424,941
Water	12,866	8,598
Electricity & Gas	58,103	47,300
Publicity	467,476	176,160
Stamps & postages	81,336	57,770
Printing & stationery	424,486	375,299
EDP stationery & operation expenses	95,777	101,096
Donations	0	314
Subscriptions & periodicals	24,678	38,098
Maintenance of Buildings	26,832	51,327
Maintenance of Furniture & equipment	101,573	115,984
Other Maintenance	22,303	15,741
Vehicle running expenses	1,443,323	1,170,359
Professional consultants	266,783	308,213
Bank charges	173,502	132,330
Taxes & Licences	29,206	145,070
Misappropriation	1,858	226
Land rent & rates	30,482	32,913
Insurance of corporation assets	271,324	234,586
Service charge	14,670	13,229
Welfare	263,778	182,757
	<hr/>	<hr/>
	5,526,180	4,703,330
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995**

**25. INCREASE/(DECREASE) IN PROVISION  
FOR DOUBTFUL DEBTS:**

		1995 K. £	1994 K. £
<b><u>Large Scale Loans:</u></b>			
	Scheme		
	1	121,885	(164,617)
	2	576,763	(353,786)
	3	(1)	0
	5	687,712	(108,236)
	31	59,084	6,091
	45	(157,841)	147,897
	99	(10,773)	10,434
		<hr/> 1,276,829	<hr/> (462,217)
<b><u>Small Scale Loans:</u></b>			
	4	2,326	228
	6	1,505	(3,054)
	8	(19,240)	44,793
	9	(176)	651
	10 & 11	4,064	(2,734)
	30	(23,522)	(2,843)
	99	0	0
		<hr/> ----- (35,043)	<hr/> 37,041
<b><u>Seasonal Crop Loans:</u></b>			
	26	17,083	9,123
	27	34,542	24,974
	29	(3,342)	6,406
	32	21,743	20,508
	33	(133,972)	16,389
	34	19,809	16,308
	35	14,968	5,950
	36	61	56
	38	1,031	1,114
	40	0	(1)
		<hr/> (28,077)	<hr/> 100,827
		<hr/> 1,213,709	<hr/> (324,349)
		=====	=====
<b>REPOSSESSED FARM PROPERTIES</b>			
<b>SMALL DEBTS WRITTEN OFF</b>		(29,885)	(1,254)
		70	1,581
		<hr/> (29,815)	<hr/> 327
<b><u>NET</u></b>		<hr/> ----- 1,183,894	<hr/> ----- (324,022)
		=====	=====

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995

26. LOANS(WRITEBACK)/WRITE-OFF:

During the year under review, an  
amount of K.£0 was written off  
as shown hereunder:

		1995 K.£	1994 K.£
	Scheme	-----	-----
<u>LARGE SCALE LOANS</u>			
	01	0	3,584
	02	0	15
	05	0	77,223
	31	0	135
	98	0	542
		-----	-----
		0	81,499
		-----	-----
 <u>SMALL SCALE LOANS</u>			
	06	0	1,411
	08	0	2,723
	10	0	25
	30	0	39
	99	0	1,425
		-----	-----
		0	5,623
		-----	-----
 ADJUSTMENT		 0	 451
		-----	-----
 <u>TOTAL WRITE OFF/(WRITEBACK)</u>		 0	 87,573
		=====	=====

