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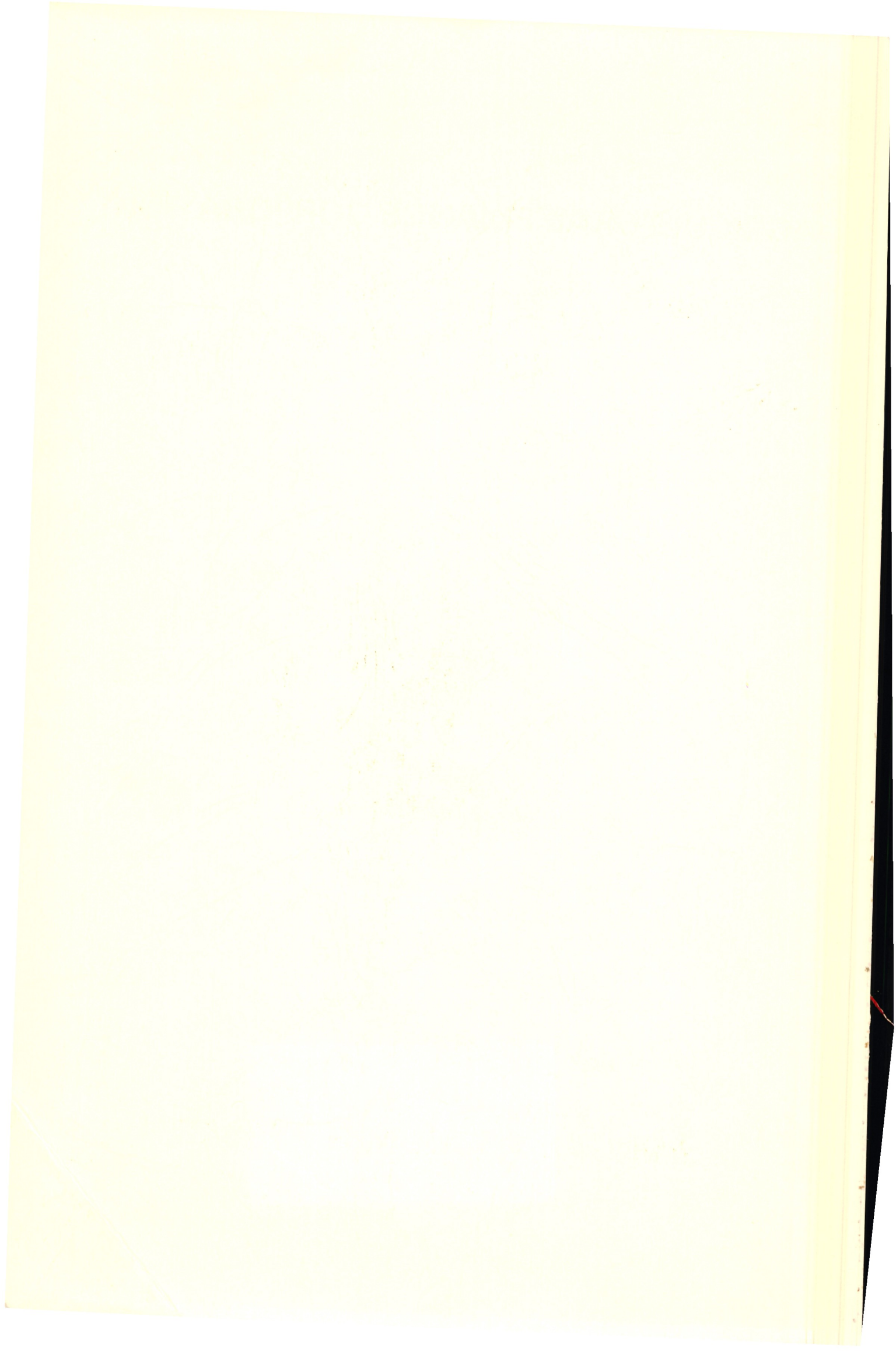
AGRICULTURAL FINANCE CORPORATION

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ANNUAL ACCOUNTS 1986/87

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AGRICULTURAL FINANCE CORPORATION

FINANCIAL STATEMENTS

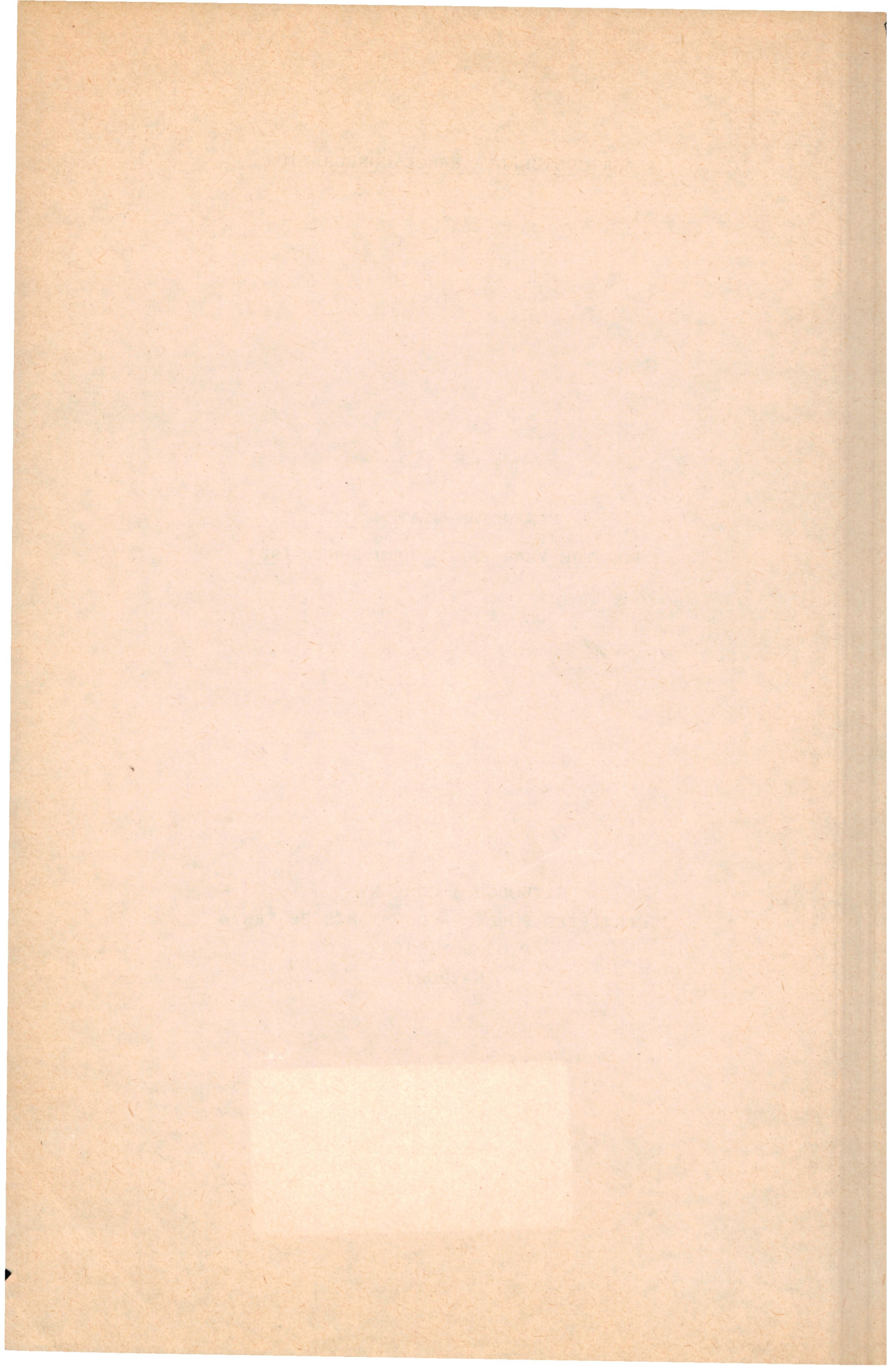
FOR THE YEAR ENDED 30TH JUNE, 1987

GITHONGO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS OF KENYA
P.O. BOX 47089
NAIROBI

KENYA NATIONAL ASSEMBLY
Accession: 10013817

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CONTENTS

	Page
Report of the Auditor-General (Corporations).....	1B
Balance Sheet.....	2
Profit & Loss Account.....	3
Source & Application of Funds Statement.....	4
Notes to the Accounts.....	5

HEADQUARTERS

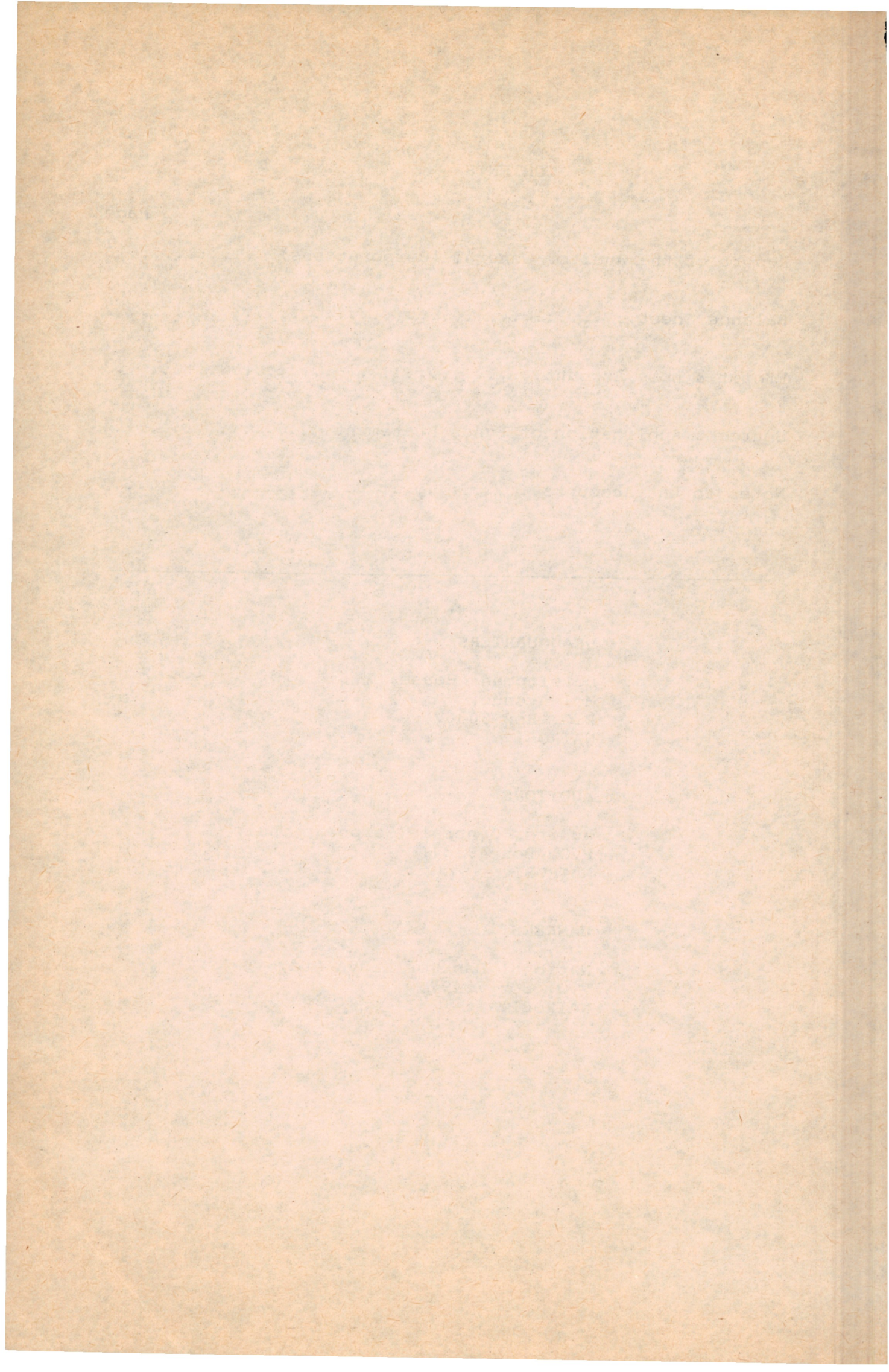
Development House,
Moi Avenue,
P.O. Box 30367,
NAIROBI.

AUDITORS

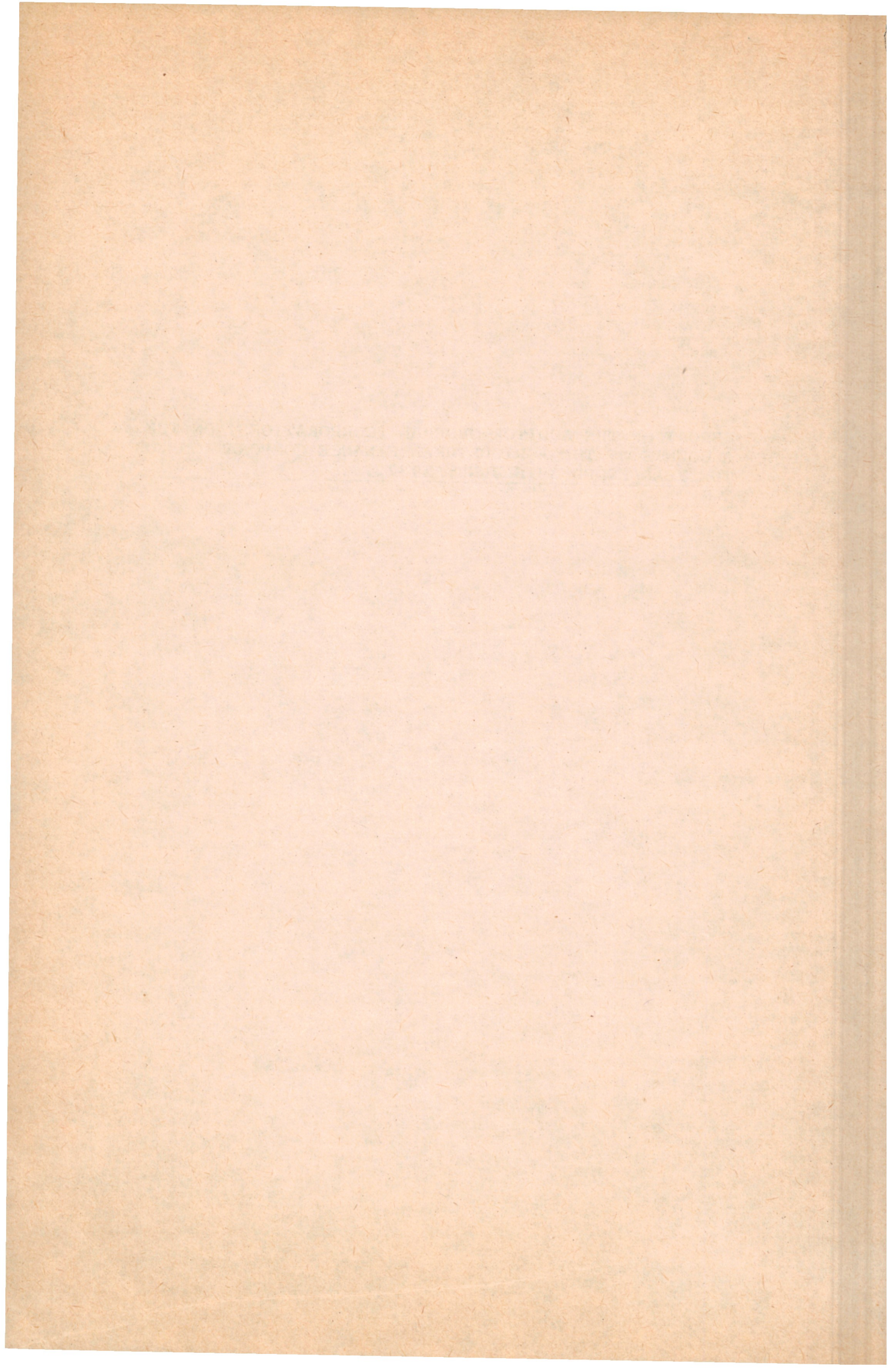
Auditor-General (Corporations),
P.O. Box 49384,
NAIROBI.

BANKERS

National Bank of Kenya Ltd,
P.O. Box 72497,
NAIROBI.



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE
ACCOUNTS OF THE AGRICULTURAL FINANCE CORPORATION FOR
THE YEAR ENDED 30TH JUNE, 1987.



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE AGRICULTURAL FINANCE CORPORATION FOR THE YEAR ENDED
30TH JUNE, 1987

The Accounts of the Agricultural Finance Corporation for the year ended 30th June, 1987 have been audited by the Corporation's authorized auditors in accordance with the Exchequer and Audit (Amendment) Act, 1985. The authorized auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that proper books of accounts have been kept and the accounts, which have been prepared on the historical cost convention, are in agreement therewith. In my opinion and subject to the matters referred to herebelow, the accounts, when read together with the notes thereon, show a true and fair view of the financial position of the Corporation as at 30th June, 1987 and of its results and source and application of funds for the period then ended and comply with the Agricultural Finance Corporation's Act, Cap 323.

1. DEBTORS

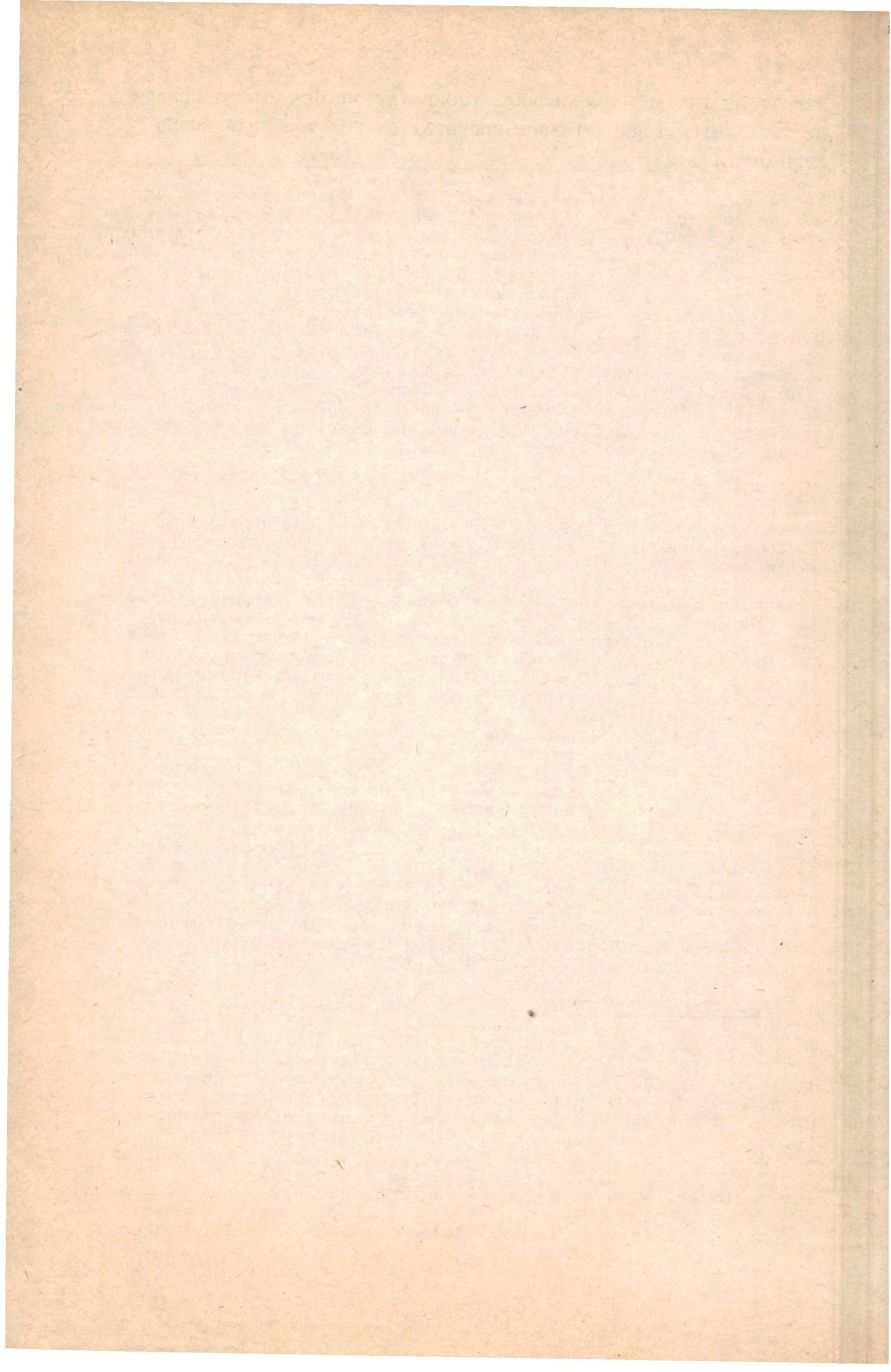
The Corporation's debtors of K£1,206,105 as at 30th June, 1987 include an una located loan disbursements receivable account balance of K£172,603 being monies and bank drafts paid out as loans without compliance to the Corporation's procedural controls governing the granting of such loans. Of the amount, K£95,218 has remained in the accounts since 1982 thereby indicating that the related loan accounts may not have been identified by the Corporation. As indicated in Note 3 to the accounts, the debtors figure of K£1,206,105 also includes fee-auction, advertising charges and other debits which have yet to be investigated by the Corporation.

2. LOANS TO FARMERS

Arrears of loans to farmers have increased quite substantially from K£30,128,770 as at 30th June, 1986 to K£45,782,442 as at 30th June, 1987. Of the total increase, about K£12,465,000 related to the Seasonal Crop Credit Scheme which by their very nature should have not fallen overdue. It was also observed that some 17 loanees were granted loans totalling to Kshs.38,267,133 outside the Corporation's laid down procedure for granting such loans and in one such case, the loanee had an outstanding loan balance of Kshs.35,540,909.35 which was only secured up to Kshs.31,500,000 as at 30th June, 1987.

3. AGENCY COMMISSION

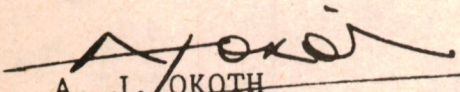
As for previous years, no written agreement has up to now been signed between the Corporation and Government regarding the operation of the GMR and the Seasonal Crop Credit Schemes and as a result it has not been possible to ascertain the correctness of the Commission receivable in respect of these Schemes. I understand that a proposal has been made for the Corporation to act as principal rather than an agent for GMR and the Old Seasonal Crop Credit Schemes but some Schemes have not yet been incorporated in these accounts and consequently, the Corporation has included as income for the year 1986/87, agency Commission amounting to K£860,282. As indicated in Note 12 of the accounts,



the amount due to the Government in respect of GMR and some Old Seasonal crop Credit Loan Schemes is Kf14,703,833 on which the Corporation has charged cumulative commission receiveable of Kf3,752,943 as at 30th June, 1987. The Corporation's total indebtedness to these schemes was Kf10,950,890. The extent of this indebtedness could not, however, be readily ascertained for the same reason that although Government has acknowledged the Corporation's right to calculate and charge commission, the agency Commission is only calculated in accordance with previous practice whereby 6/17th of interest earned on the GMR and 25% of interest earned on Seasonal Crop Credit Scheme are charged but without an indication of how these rates of charge were initially determined.

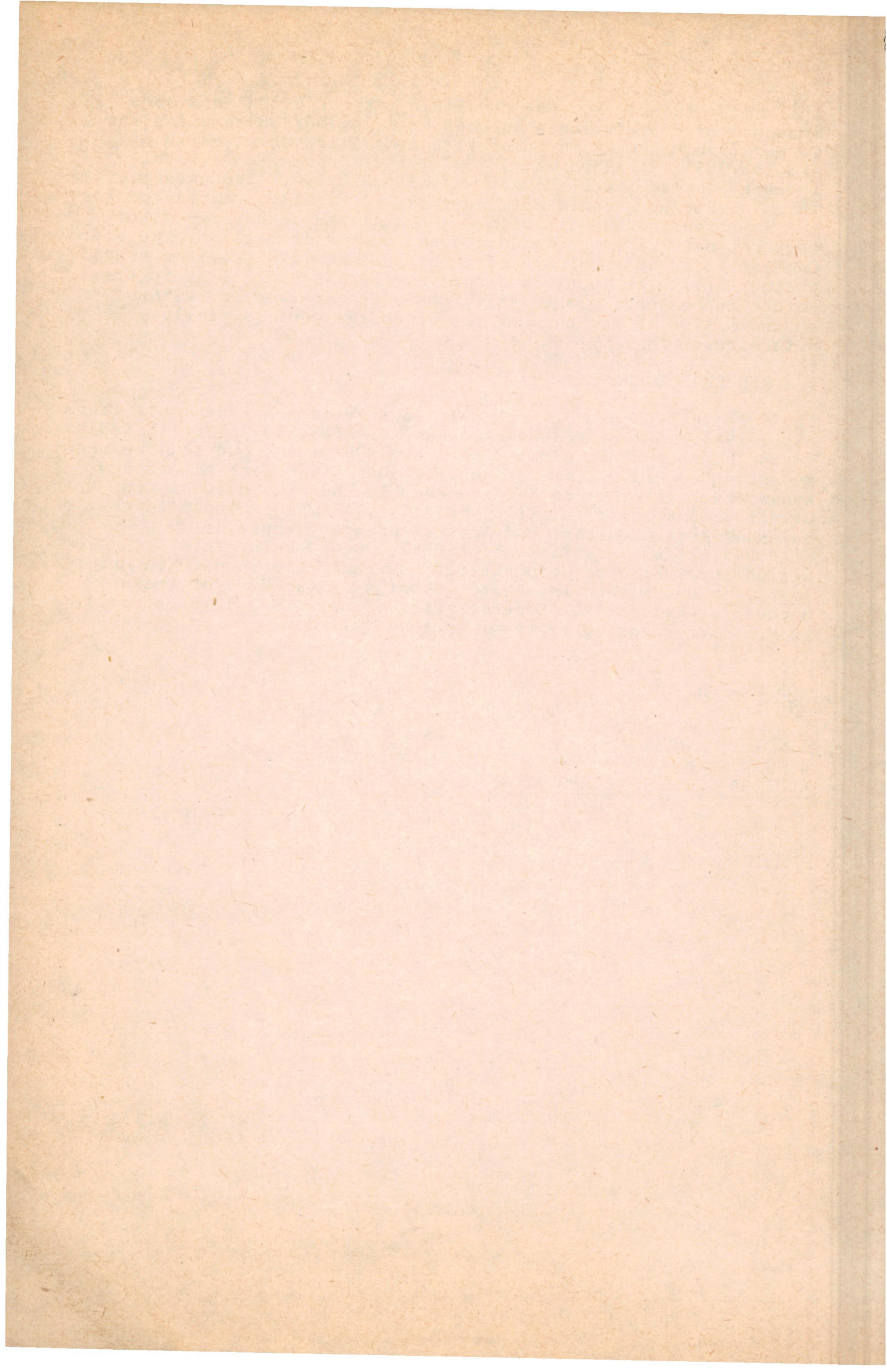
4. REDEEMABLE LOANS

The Corporation has not been able to service its redeemable loans since 1984. Out of redeemable loans of Kf49,310,277 reflected in the Balance Sheet as at 30th June, 1987 loans due to Government amounting to Kf3,571,426 as at 30th June, 1986 were not repaid and accrued interest on both redeemable and AFC Seasonal Crop Credit Scheme loans totalling Kf10,231,118 was included in the Balance Sheet Creditors and Accrued Charges figure of Kf16,340,529 while an amount of Kf17,000,000 being total Agricultural Finance Corporation, Seasonal Crop Credit Scheme loans, is due within the next 12 months of the date of these accounts. Evidently, therefore, the Corporation has been unable to meet its loans obligations as they fall due.


A. J. OKOTH

AUDITOR-GENERAL (CORPORATIONS)

12th July, 1988



AGRICULTURAL FINANCE CORPORATION

BALANCE SHEET

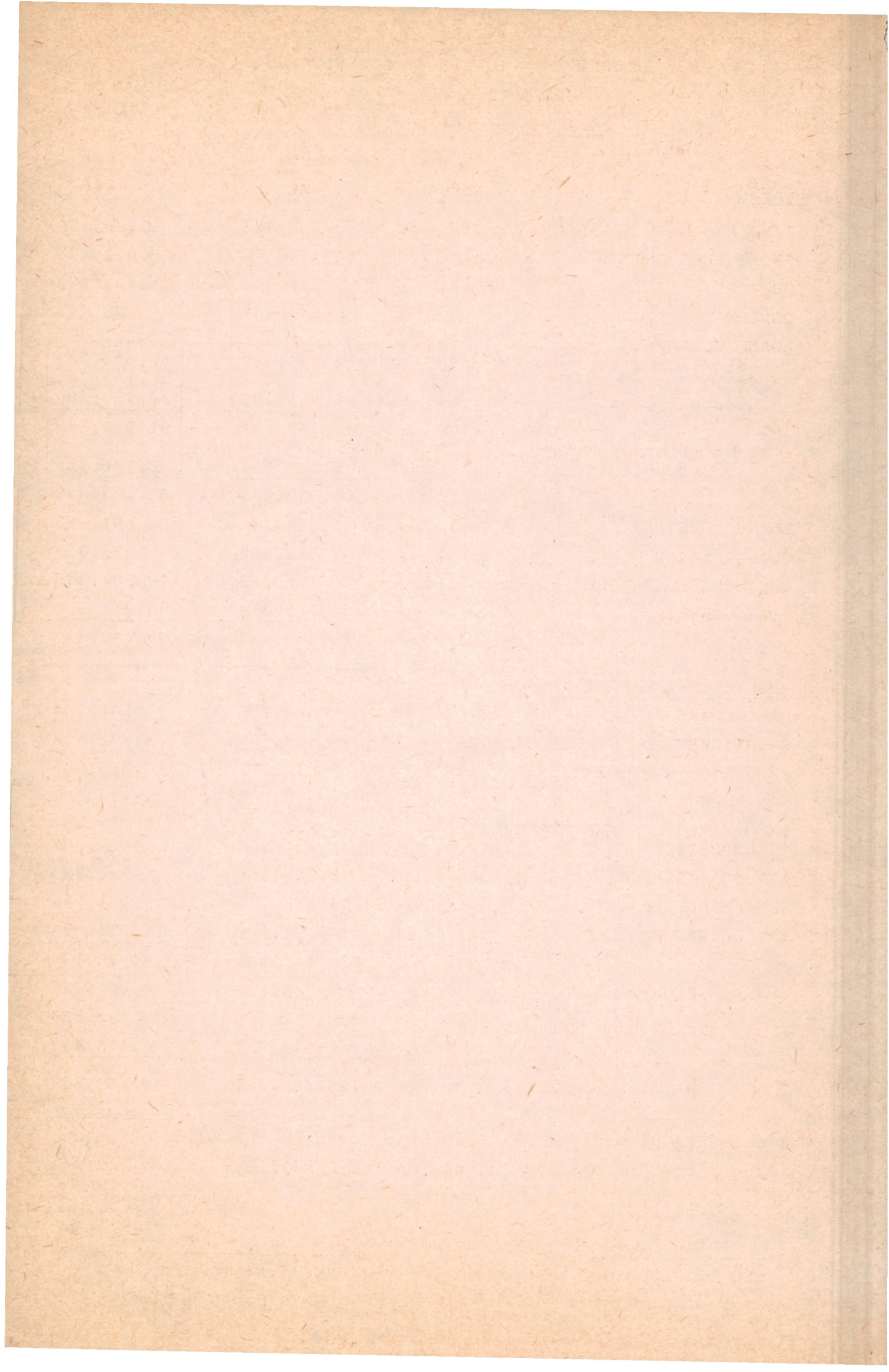
AS AT 30TH JUNE, 1987

<u>ASSETS</u>	<u>Notes</u>	<u>1987</u> <u>KE</u>	<u>1986</u> <u>KE</u>
CASH AND BANK BALANCES		8,058,723	1,126,103
SHORT TERM DEPOSITS		4,481,578	3,952,448
DEBTORS	3	1,206,105	1,493,076
CONSUMABLE STORES		46,478	78,971
LOANS TO FARMERS			
Large scale	4	62,835,169	56,002,813
Small scale	5	21,777,031	18,143,384
Seasonal crop	6	26,788,422	18,787,400
		111,400,622	92,933,597
<u>Less: Provision for</u> doubtful debts	2(a)i	6,042,931	5,746,118
		105,357,691	87,187,479
LOANS TO STAFF	7	1,899,297	691,290
B.A.T. LOANS	8	512,580	511,853
REPOSSESSED PROPERTIES	2(a)ii	178,163	201,396
FIXED ASSETS	2(b),9	3,712,012	3,911,201
		125,452,627	99,153,817
<u>LIABILITIES AND CAPITAL</u>			
BANK LOANS		328,256	561,927
CREDITORS AND ACCRUED CHARGES	10	16,340,529	8,392,518
PROVISION FOR TAXATION	11	5,012,172	4,216,929
GMR AGENCY	12	10,950,890	9,979,404
LAND, TRACTORS AND BORROWERS DEPOSITS		30,339	24,509
AFC SEASONAL CROP CREDIT LOANS	13	17,000,000	13,294,990
REDEEMABLE LOANS	14	49,310,277	37,553,287
IRREDEEMABLE LOANS	15	14,174,606	14,174,606
		113,147,069	88,198,170
GENERAL RESERVE	16	5,725,677	4,444,339
REVOLVING FUND	17	41,346	35,589
GRANTS	18	6,538,535	6,475,719
		125,452,627	99,153,817

The accounts on pages 2 to 25 were approved by the Board of Directors on 22nd December, 1987 and signed on its behalf by:

MR. LEO PIUS ODERO
CHAIRMAN

MR. G.K. TOROITICH
GENERAL MANAGER



AGRICULTURAL FINANCE CORPORATION

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 1987

<u>INCOME</u>	<u>Notes</u>	15 months ended 30th June,	
		<u>1987</u> <u>K£</u>	<u>1986</u> <u>K£</u>
INTEREST INCOME ON			
Large scale loans	4	6,760,361	7,046,028
Small scale loans	5	2,382,822	2,272,347
Seasonal crop credit	6	3,621,781	2,087,434
Others	19	728,220	581,886
TOTAL INTEREST INCOME		13,493,184	11,987,695
OTHER INCOME			
Agency commissions	12	860,282	1,139,538
Application, legal and inspection fees		199,257	300,459
Profit on sale of fixed assets		8,500	11,462
Rent		173,560	212,707
Sundries		74,132	7,204
TOTAL OTHER INCOME		1,315,731	1,671,370
TOTAL INCOME		14,808,915	13,659,065
<u>EXPENSES</u>			
INTEREST EXPENSES			
Irredeemable loans		410,879	513,600
Redeemable loans		2,656,601	1,980,105
A.F.C., S.C.C. loans		2,534,575	1,059,187
Advance loans repayments		143,949	178,046
Development house construction loan		62,585	119,158
TOTAL INTEREST EXPENSES		5,808,589	3,850,096
OTHER EXPENSES			
Board members fees and allowances	20	25,071	21,470
Staff costs	21	4,205,947	4,139,836
Administration expenses		1,720,732	1,900,689
Doubtful debts expenses		277,039	1,158,947
Depreciation expense	9	689,199	977,010
Stocks written off		-	3,796
TOTAL OTHER EXPENSES		6,917,988	8,201,748
TOTAL EXPENSES		12,726,577	12,051,844
PROFIT BEFORE TAXATION		2,082,338	1,607,221
LESS: TAXATION	11	795,243	200,076
PROFIT AFTER TAXATION TRANSFERRED TO GENERAL RESERVE	16	1,287,095	1,407,145

UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF THE ASSISTANT SECRETARY

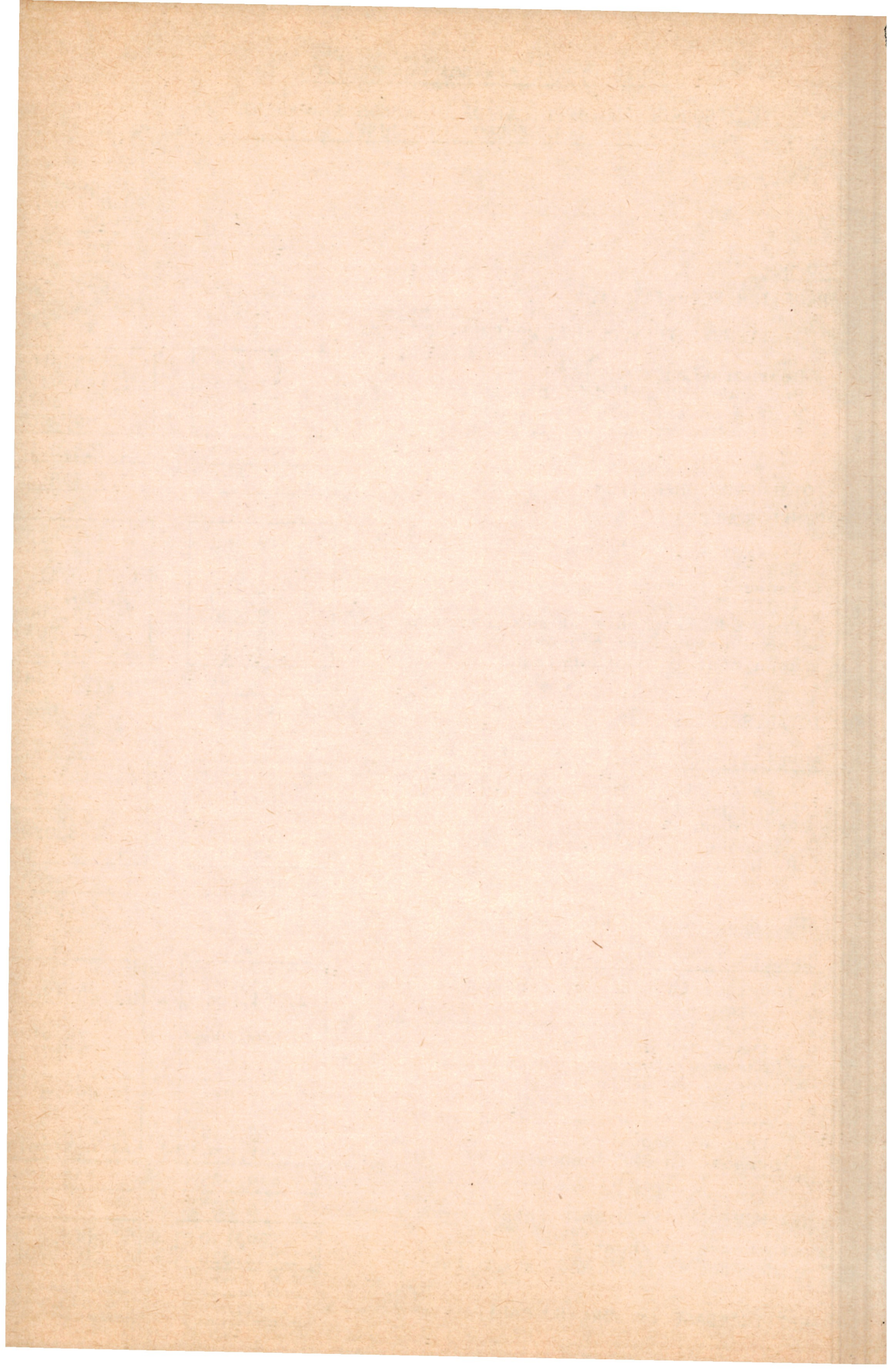
FOR THE UNITED STATES OF AMERICA

1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	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AGRICULTURAL FINANCE CORPORATION

SOURCE AND APPLICATION OF FUNDS STATEMENT FOR THE YEAR ENDED 30TH JUNE, 1987

	<u>1987</u>	15 Months ended 30th June, <u>1986</u>
<u>SOURCE</u>	<u>K£</u>	<u>K£</u>
PROFIT BEFORE TAXATION	2,082,338	1,607,221
ADD: ITEMS NOT INVOLVING MOVEMENT OF FUNDS		
Depreciation	689,199	977,010
Bad and doubtful debt provision	277,039	1,158,947
Profit on sale of fixed assets	(8,500)	(11,462)
Consumable stores written off	-	3,796
	<u>957,738</u>	<u>2,128,291</u>
TOTAL FROM OPERATION	<u>3,040,076</u>	<u>3,735,512</u>
OTHER SOURCES		
Repayment from farmers	31,549,459	27,181,822
Grant received	62,816	743,290
Redeemable loans received	13,462,000	12,520,418
AFC SCC loans	2,000,000	10,294,990
Proceeds from sale of fixed assets	8,500	13,700
Repossessed farm properties	46,466	(95,203)
Repayment from other loans	317,940	64,122
	<u>47,447,181</u>	<u>50,723,139</u>
TOTAL SOURCES	50,487,257	54,458,651
<u>APPLICATIONS</u>		
Advances to farmers	37,251,520	45,212,959
Loans to staff	1,400,378	546,058
BAT loans	-	95,292
Purchase of fixed assets	490,010	988,028
Bank loan repayments	233,671	1,070,366
	<u>39,375,579</u>	<u>47,912,703</u>
NET INCREASE IN WORKING CAPITAL	<u>11,111,678</u>	<u>6,545,948</u>
<u>CHANGES IN WORKING CAPITAL</u>		
Increase in interest receivable from farmers	12,764,964	11,405,809
Increase in interest receivable from staff and BAT loans	126,296	72,614
(Decrease)/Increase in consumable stores	(32,493)	15,283
Decrease in debtors	(283,512)	(2,164,441)
(Increase) in creditors	(7,948,011)	(4,495,558)
(Increase)/Decrease in land and tractor deposits	(5,830)	13,505
Increase in GMR Agency	(971,486)	(1,913,791)
	<u>3,649,928</u>	<u>2,933,421</u>
NET MOVEMENT IN LIQUID FUND		
Increase in short term deposits	529,130	3,118,826
Increase in cash and bank balances	6,932,620	493,701
	<u>7,461,750</u>	<u>3,612,527</u>
NET INCREASE IN WORKING CAPITAL	<u>11,111,678</u>	<u>6,545,948</u>



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

I. SCOPE OF THESE ACCOUNTS

The accounts cover the Corporation's operations in relation to the following schemes:-

Large Scale

A.F.C.
I.D.A. 129/477 KE
K.F.W.
U.S.A.I.D. Crop loans
Group Farm Rehabilitation

Small Scale

A.F.C.
I.D.A. 105/344/692 KE
K.F.W.
U.S.A.I.D. Crop loans
Vihiga/North Tetu
B.A.T. (Kenya) Limited -
Tobacco loans
Pineapple loans

Seasonal Crop Credit

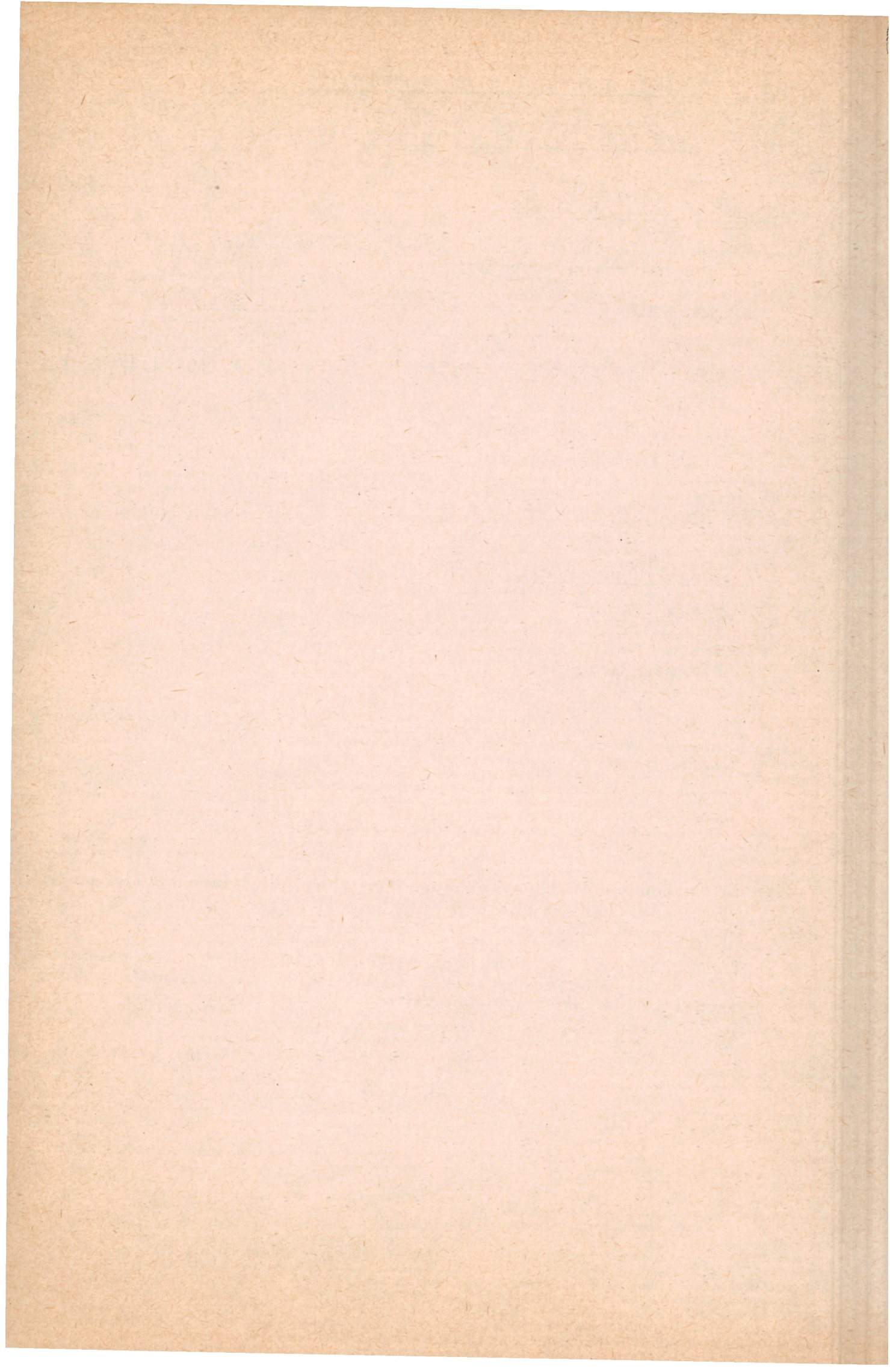
Scheme 26
Scheme 27
Scheme 29
Schemes 32 to 34

But do not include operations relating to the following agency schemes, whose accounts are prepared separately and have not been audited.

Barley
Cotton
Seasonal crop credit scheme 22 to 25
GMR

The accounts of these schemes for the year under review have been submitted to the Auditor General (Corporations) for audit.

The total costs of administration, including that in respect of the above agency schemes, incurred by the Corporation have been included in these accounts.



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1987

2. ACCOUNTING POLICIES

(a) Provision for Bad and Doubtful Debts:

The Corporation is empowered under the provisions of the Agricultural Finance Act (Cap.323 section 33) to foreclose and sell any security to pay off the outstanding debt. In most cases the value of the security is at least one and half times the amount of the original loan.

(i) Loans to Farmers:

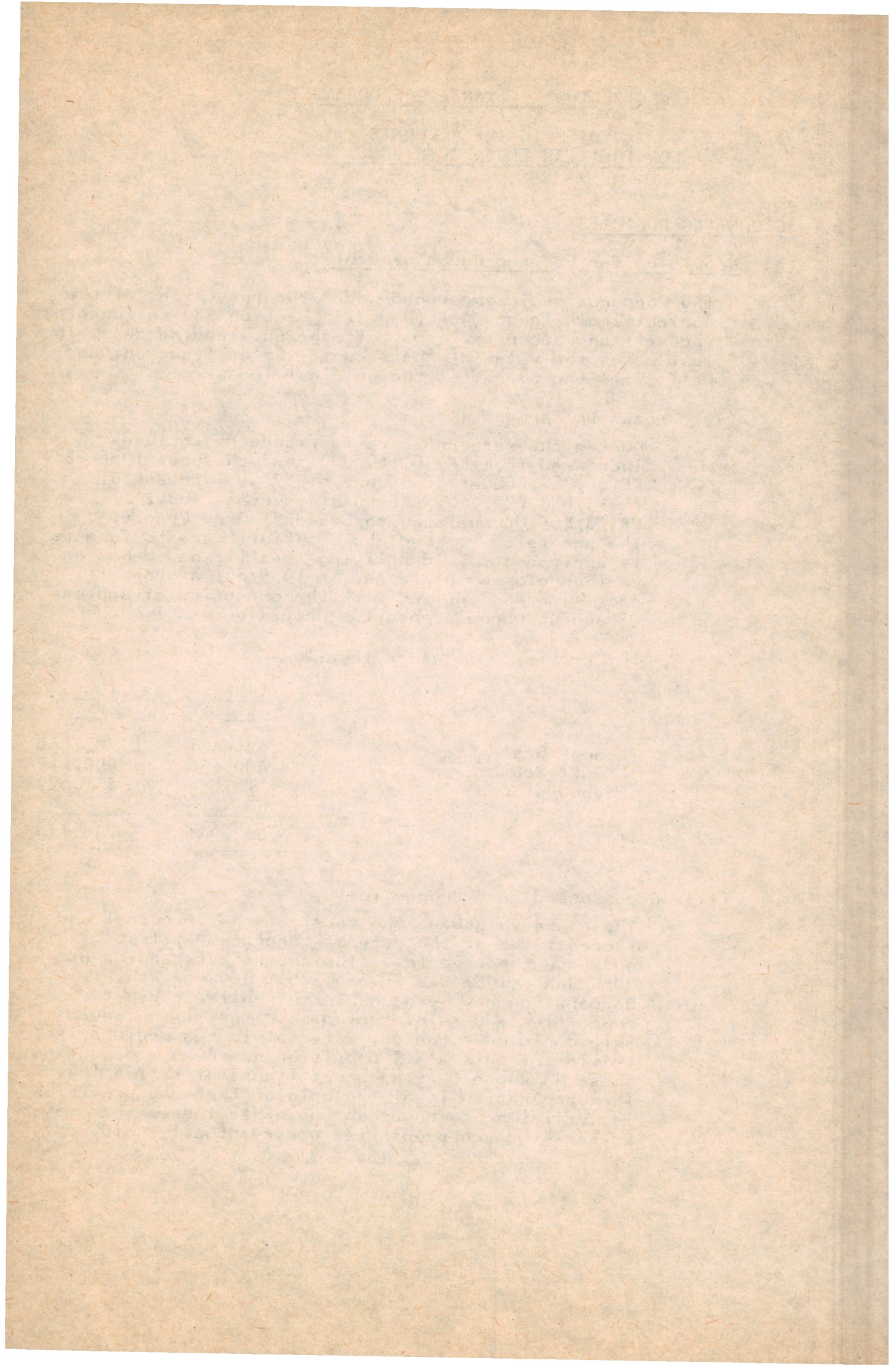
During the year under review, arrears in loans increased from K£ 30,129,000 at 30th June, 1986 to K£ 45,782,000 at 30th June, 1987, an increase of K£ 15,653,000. Of the total increase about K£ 12,465,000 relates to Seasonal Crop Credit. The provision for bad and doubtful loans to farmers is arrived at by identifying specific bad debts on various classes of loans. In 1985/86, a general provision was applied with the exception of schemes 05 and 45 where a specific provision was used.

The provision is as follows:

	<u>1987</u> <u>K£</u>	<u>1986</u> <u>K£</u>
Large Scale Loans	5,625,441	4,303,660
Small Scale Loans	400,636	990,629
Seasonal Crop Credit	16,854	451,829
	<u>6,042,931</u>	<u>5,746,118</u>

(ii) Reposessed Farm Properties:

These are valued at the total of the principal and interest due at the date of foreclosure, less subsequent recoveries. The amount outstanding at 30th June, 1987 was K£ 356,326. 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£ 178,163. 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.



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

(iii) Pineapple loans

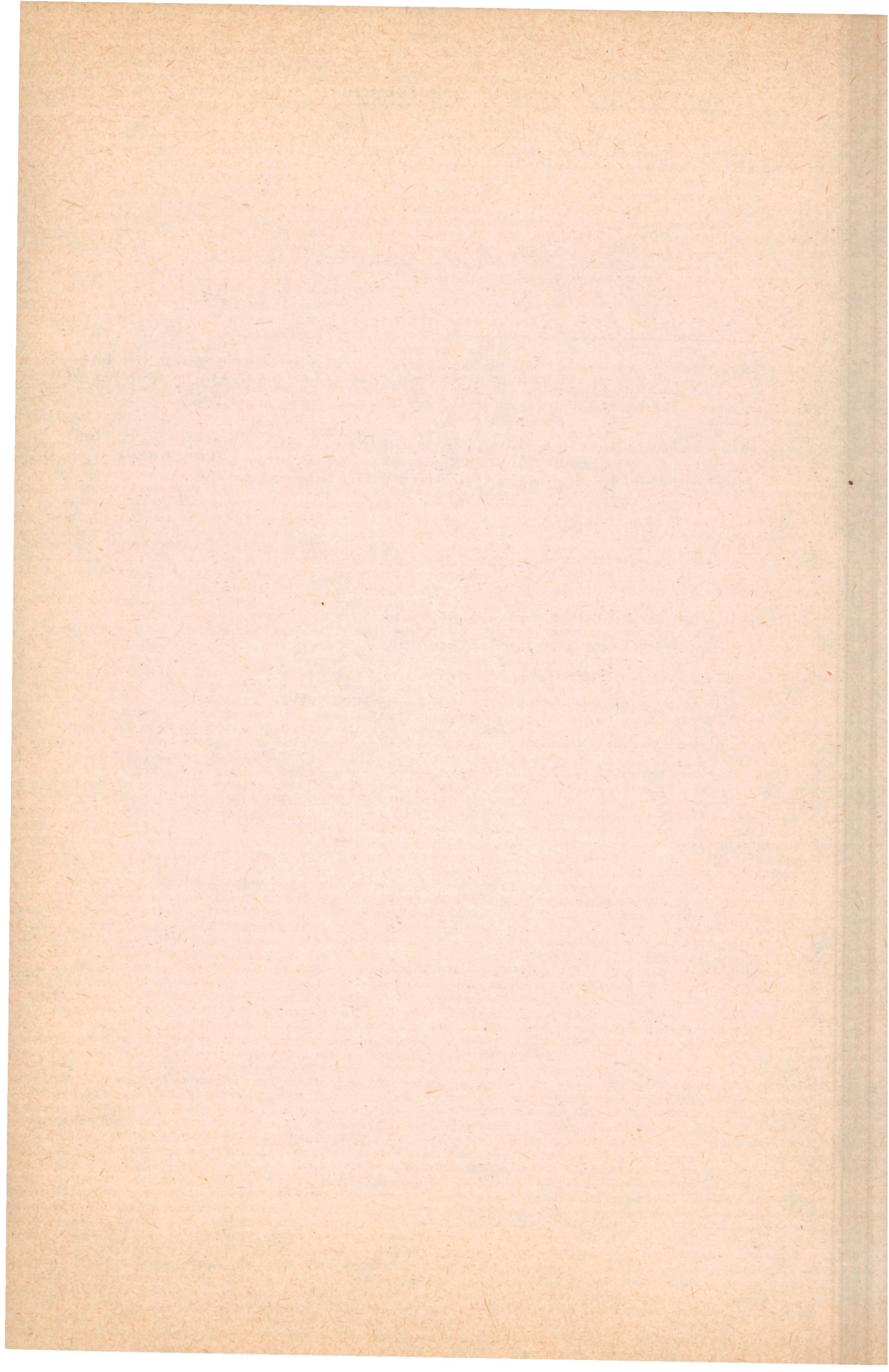
This account is 100% provided for. (See note 3 to the accounts).

(b) Depreciation of Fixed Assets:

This has been calculated so as to write off the cost of the fixed assets by equal annual instalments over their expected useful lives.

The following rates have been applied consistently over the years with the exception of office furniture which was revised during 1985/86 financial period from 20% to 12.5%.

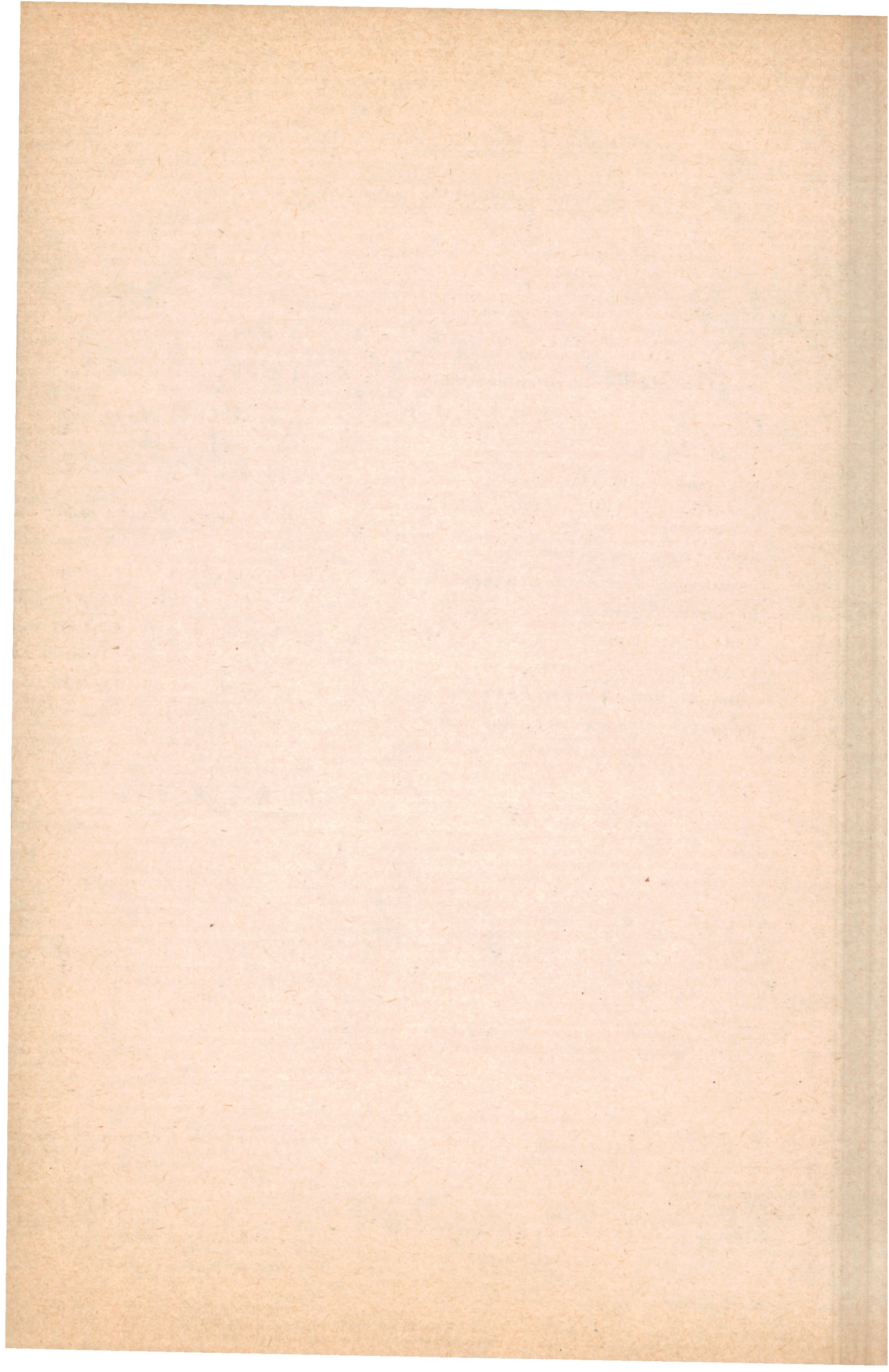
<u>DETAILS</u>	<u>RATE</u>
Development house	2%
Lifts in Development house	20%
Branch offices and staff house	5%
Office furniture	12.5%
Office equipment, staff house furniture, fixtures and fittings and office partitioning	20%
Motor vehicles	25%



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

3. <u>DEBTORS</u>	<u>1987</u> <u>K£</u>	<u>1986</u> <u>K£</u>
Un-allocated loan disbursement	172,603	1,007,241
Fees-auction and advertising charges	59,716	287,325
Other debits	677,274	
Koitegan ranching water	14,454	29,810
Development house rent receivable accrued	200,051	71,953
Other rent receivable	-	13,086
Provision for rent debtors	-	(13,083)
Prepaid expenses	14,090	83,037
Pineapple loans	43,626	43,990
Provision for pineapple loans	(43,626)	(43,990)
General ledger correction account	42,786	13,707
Receivable fees and charges	25,131	-
	<u>1,206,105</u>	<u>1,493,076</u>



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

4. LARGE SCALE LOANS

(a) MOVEMENTS DURING THE YEAR

Balances as at 1st July, 1986

Short term portion:

Not yet due:

Principal (receivable within
12 months)

Interest

Arrears:

Principal

Interest

Interest on arrears

1987
K£

1986
K£

5,616,989
1,717,752

5,082,131
1,238,869

8,810,185
4,223,530
2,901,620

7,699,493
3,429,162
2,138,097

23,270,076

19,587,752

Long term portion:

Principal not yet due

32,732,737
56,002,813

28,921,116
48,508,868

Add: Transactions during the year

Advances

Interest earned

Repayments

10,922,394
6,760,361
(10,850,399)

9,428,610
7,046,028
(8,980,693)

6,832,356

7,493,945

Balances as at 30th June, 1987

62,835,169

56,002,813

(b) ANALYSIS OF BALANCES AS AT 30TH JUNE, 1987

Short term portion:

Not yet due:

Principal (receivable within
12 months)

Interest

Arrears:

Principal

Interest

Interest on arrears

4,123,840
2,018,298

5,616,989
1,717,752

9,073,669
5,266,561
3,073,818

8,810,185
4,223,530
2,901,620

23,556,186

23,270,076

Long term portion:

Principal not yet due

39,278,983

32,732,737

62,835,169

56,002,813

(c) PROVISION FOR DOUBTFUL DEBTS

Balance as at 1st July, 1986

Charge for the year

4,303,660
1,321,781
5,625,441

3,915,039
388,621
4,303,660

(d) LOANS OPENED BUT NOT DRAWN

Balance as at 1st July, 1986

Opened during the year

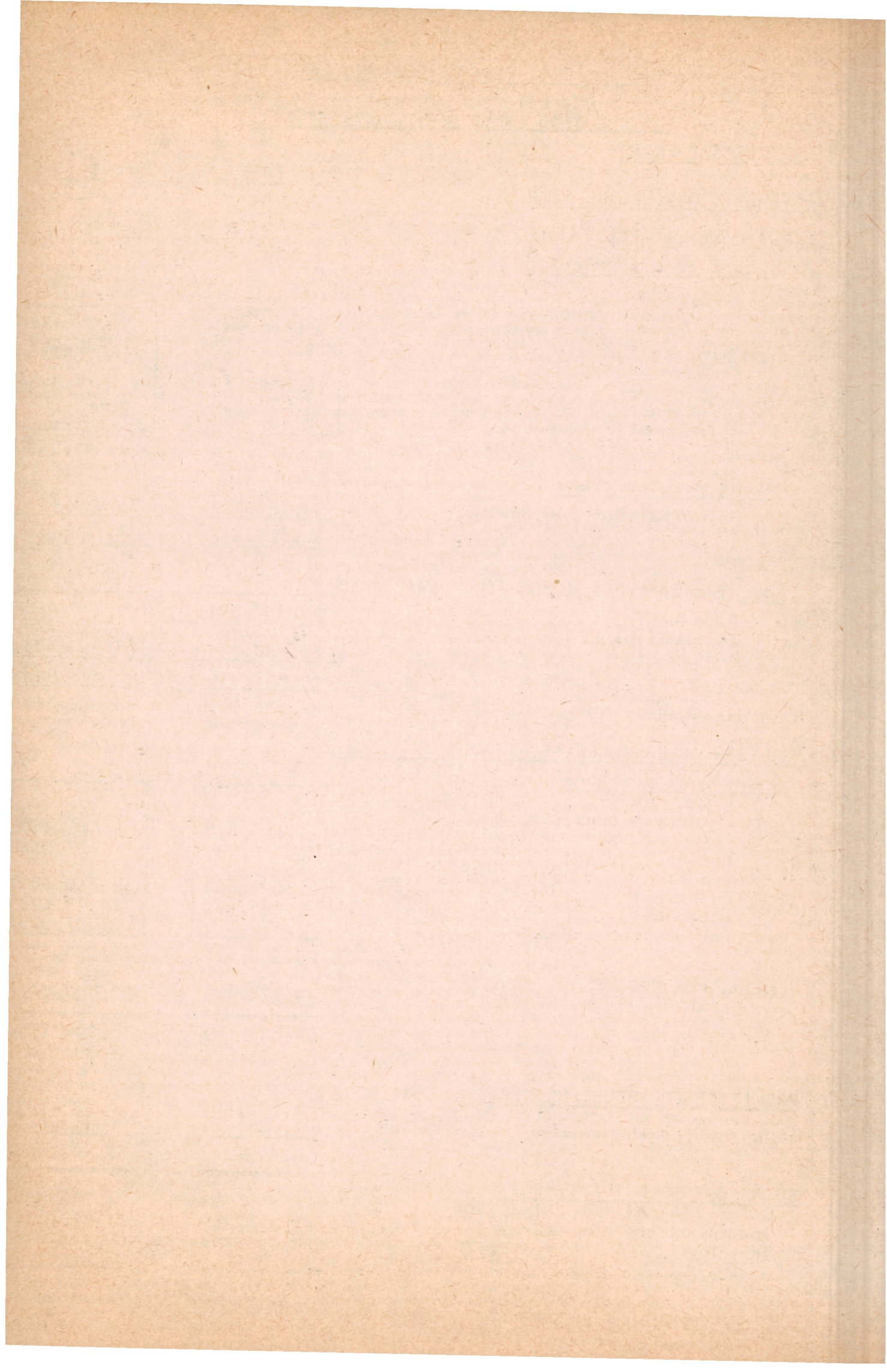
Drawings

3,573,521
13,071,898
(10,922,394)

1,728,300
11,273,831
(9,428,610)

5,723,025

3,573,521



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1987

4. LARGE SCALE LOANS

(a) MOVEMENTS DURING THE YEAR

	Scheme 01	Scheme 02	Scheme 03	Scheme 05	Scheme 07	Scheme 31	Group Rehabilitation	Scheme 08	TOTAL
	K£	K£	K£	K£	K£	K£	K£	K£	K£
Balances as at 1st July, 1986									
Short term portion:									
Not yet due:									
Principal (receivable within 12 months)	1,726,488	414,999	-	964,027	29,343	2,109,534	372,598	-	5,616,989
Interest	226,452	463,484	-	391,860	4,804	590,297	40,855	-	1,717,752
Arrears:									
Principal	3,113,192	103,794	37,841	2,696,362	48,210	1,361,763	1,449,023	-	8,810,185
Interest	1,290,778	768,844	13,460	1,137,685	20,671	725,606	266,486	-	4,223,530
Interest on arrears	982,057	193,999	11,405	852,358	15,313	466,335	380,153	-	2,901,620
Long term portion:									
Principal not yet due	7,338,967	1,945,120	62,706	6,042,292	118,341	5,253,535	2,509,115	-	23,270,076
	7,942,268	9,472,595	-	6,394,058	76,272	8,543,338	304,206	-	32,732,737
	15,281,235	11,417,715	62,706	12,436,350	194,613	13,796,873	2,813,321	-	56,002,813

Add: Transactions during the year

Advances
Interest earned
Repayments

Balances as at 30th June, 1987

(b) ANALYSIS OF BALANCES AS AT 30TH JUNE, 1987

	Short term portion:	Principal (receivable within 12 months)	Interest	Arrears:	Principal	Interest	Interest on arrears	Long term portion:	Principal not yet due
	Not yet due:								
854,185	246,661	-	1,096,020	27,177	1,819,224	58,565	22,008	4,123,840	
181,327	395,911	-	522,848	3,491	859,298	54,442	981	2,018,298	
2,821,394	188,508	37,842	2,684,703	69,449	2,158,845	1,112,928	-	9,073,669	
1,098,757	1,393,700	10,457	1,385,726	25,724	1,103,162	249,035	-	5,266,561	
1,094,757	140,508	74,846	919,681	16,046	273,140	554,840	-	3,073,818	
6,050,420	2,365,288	123,145	6,608,978	141,887	6,213,669	2,029,810	22,989	23,556,186	
7,088,083	12,713,992	-	6,695,880	49,095	12,170,608	559,055	2,270	39,278,983	
13,138,503	15,079,280	123,145	13,304,858	190,982	18,384,277	2,588,865	25,259	62,835,169	

(c) PROVISION FOR DOUBTFUL DEBTS

Balances as at 1st July, 1986
Charge for the year/(write back)

763,688	570,905	12,550	1,554,755	9,732	689,890	702,140	-	4,303,660
(86,097)	(570,905)	(12,550)	1,565,739	(9,732)	(684,039)	1,119,365	-	1,321,781
677,591	-	-	3,120,494	-	5,851	1,821,505	-	5,625,441

(d) LOANS OPENED BUT NOT DRAWN

Balances as at 1st July, 1986
Opened during the year
Drawings

-	1,376,565	-	261,443	345	1,934,411	757	-	3,573,521
-	3,181,574	-	4,282,171	-	4,384,357	817,494	406,302	13,071,898
-	(3,488,058)	-	(1,397,842)	-	(5,446,494)	(313,414)	(276,586)	(10,922,394)
-	1,070,081	-	3,145,772	345	872,274	504,837	129,716	5,723,025

AGRICULTURAL FINANCE CORPORATION

11

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1987

5. SMALL SCALE LOANS

(a) MOVEMENTS DURING THE YEAR

Balances as at 1st July, 1986

Short term portion:

Not yet due:

Principal (receivable within
12 months)

Interest

Arrears:

Principal

Interest

Interest on arrears

1987
K£

1986
K£

3,642,181
622,284

3,470,379
514,939

4,196,583
901,541
1,124,108

3,413,664
696,979
779,925

10,486,697

8,875,886

Long term portion:

Principal not yet due

7,656,687
18,143,384

4,525,072
13,400,958

Add: Transactions during the year

Advances

Interest earned

Repayments

5,423,692
2,382,822
(4,172,867)

6,773,796
2,272,347
(4,303,717)

3,633,647

4,742,426

21,777,031

18,143,384

Balances as at 30th June, 1987

(b) ANALYSIS OF BALANCES AS AT 30TH JUNE, 1987

Short term portion:

Not yet due:

Principal (receivable within
12 months)

Interest

Arrears:

Principal

Interest

Interest on arrears

3,502,072
764,056

3,642,181
622,284

4,998,071
1,172,709
1,761,584

4,196,583
901,541
1,124,108

12,198,492

10,486,697

Long term portion:

Principal not yet due

9,578,539

7,656,687

21,777,031

18,143,384

(c) PROVISION FOR DOUBTFUL DEBTS

Balance as at 1st July, 1986

Charge for the year/(write back)

990,629

(589,993)

400,636

711,435

279,194

990,629

(d) LOANS OPENED BUT NOT DRAWN

Balances as at 1st July, 1986

Opening during the year

Drawings

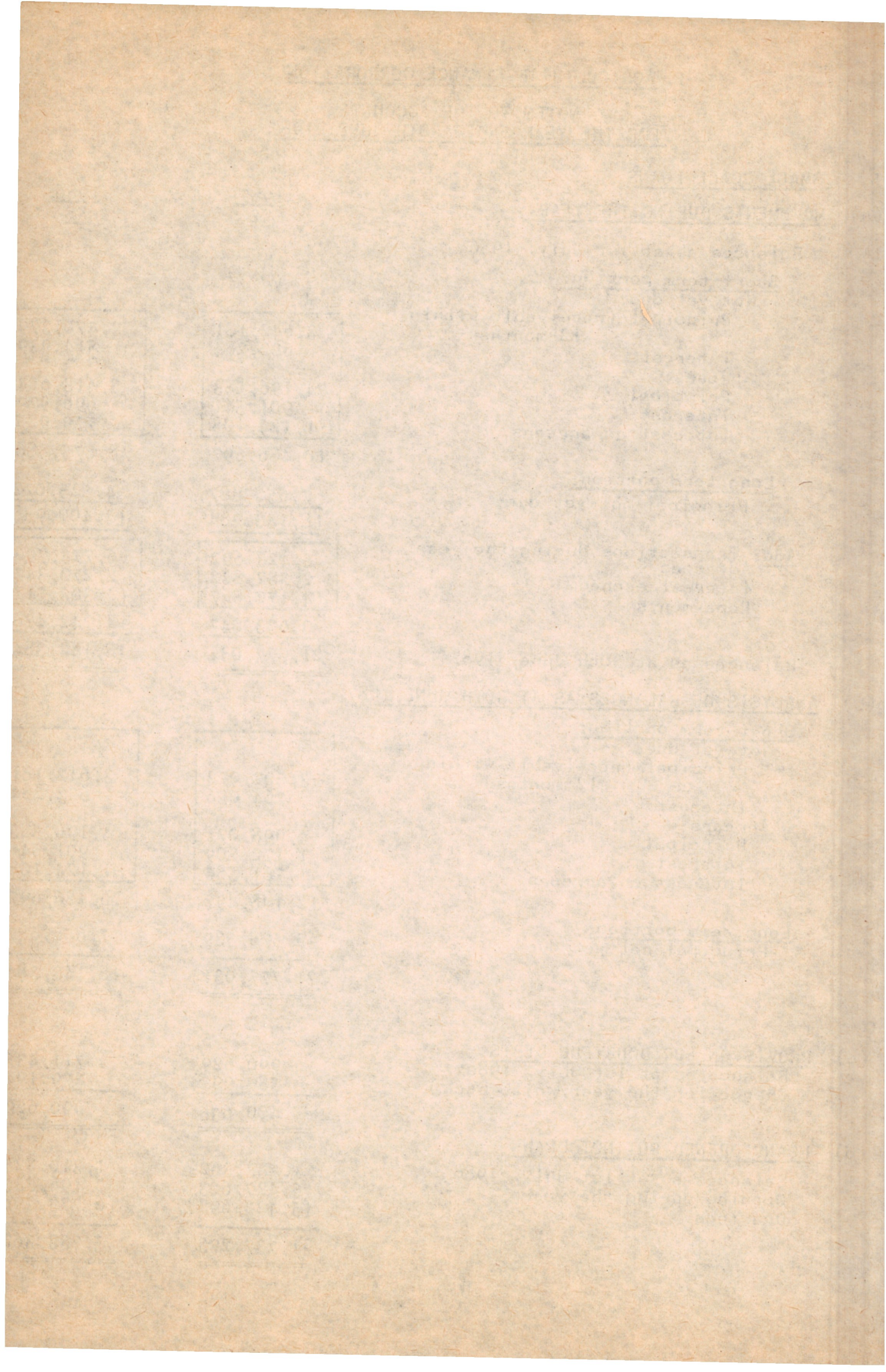
1,733,362
5,427,603
(5,423,692)

1,737,273

1,310,825
7,196,333

(6,773,796)

1,733,362



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1987

5. SMALL SCALE LOANS

(a) MOVEMENTS DURING THE YEAR

Balance as at 1st July, 1986

Short term portion:

Not yet due:

Principal (Receivable within 12 Months)

Interest

Arrears:

Principal

Interest

Interest on arrears

Long term portion:

Principal not yet due

Add: Transactions during the year

Advances

Interest earned

Repayment

Balance as at 30th June, 1987

(b) ANALYSIS OF BALANCES AS AT 30TH JUNE, 1987

Short term portion:

Not yet due:

Principal (receivable within 12 months)

Interest

Arrears:

Principal

Interest

Interest on arrears

Long term portion:

Principal not yet due

(c) PROVISION FOR DOUBTFUL DEBITS

Balance as at 1st July, 1986

Charge for the year (Write back)

(d) LOANS OPENED BUT NOT DRAWN

Balance as at 1st July, 1986

Opened during the year

Drawings

Scheme 04	Scheme 06	Scheme 08	Scheme 09	Scheme 30	I.C.A.	Vihiga and North Tetu	TOTAL
K£	K£	K£	K£	K£	K£	K£	K£

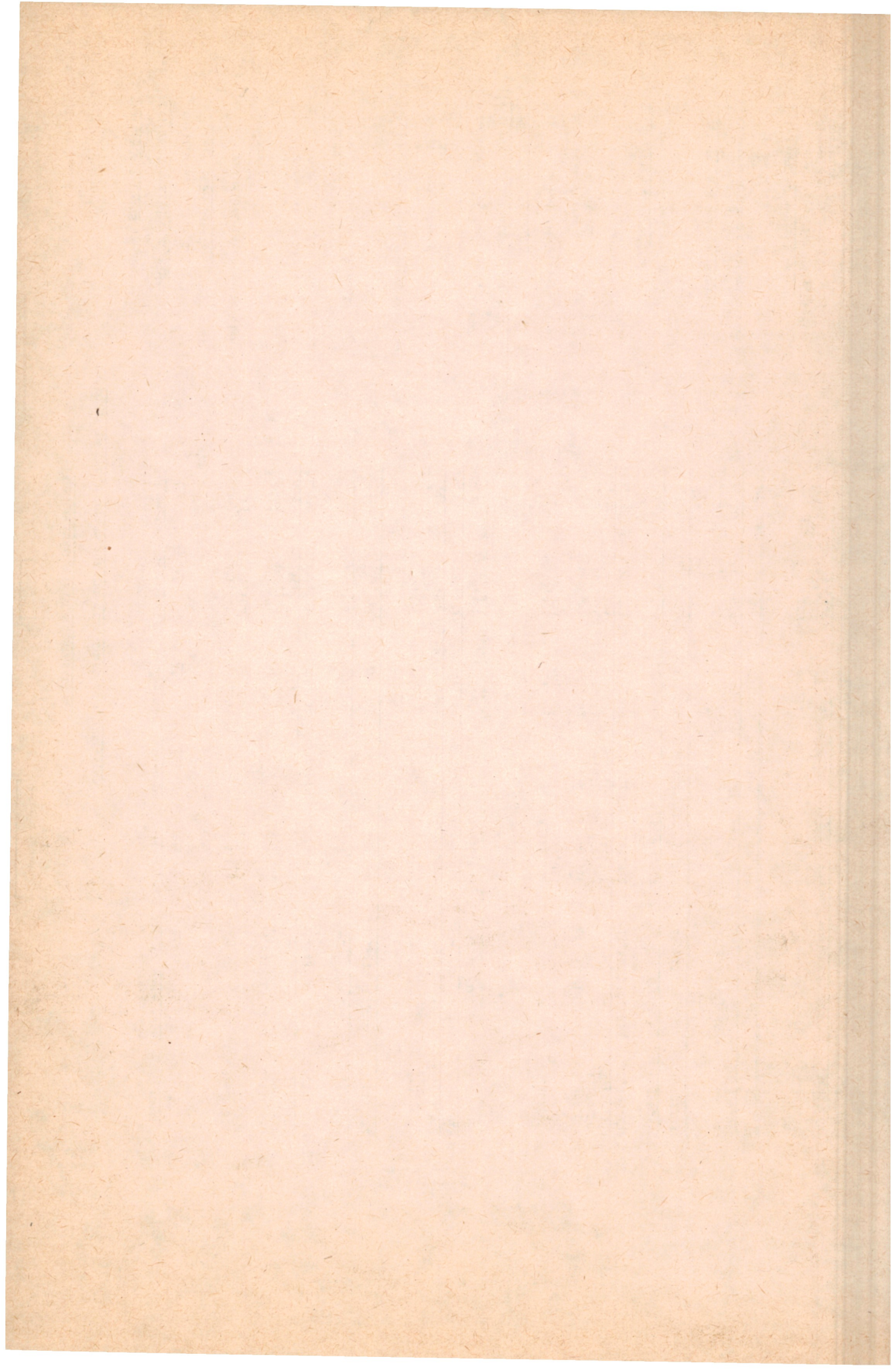
307	221,292	1,085,408	-	2,335,174	-	-	3,642,181
15	24,132	189,325	-	408,812	-	-	622,284
59,414	1,388,797	1,363,879	23,307	1,304,687	45,843	10,656	4,196,583
9,273	198,543	328,805	7,998	356,922	-	-	901,541
15,270	356,177	376,305	6,959	369,397	-	-	1,124,108
84,279	2,188,941	3,343,722	38,264	4,774,992	45,843	10,656	10,486,697
-	35,871	2,926,109	-	4,694,707	-	-	7,656,687
84,279	2,224,812	6,269,831	38,264	9,469,699	45,843	10,656	18,143,384

12,002	56,467	2,145,096	-	3,222,129	-	-	5,423,692
7,133	295,177	896,735	6,911	1,171,997	-	-	2,382,822
19,135	(403,967)	(875,683)	13,309	(2,913,659)	-	-	(4,172,867)
103,414	(52,323)	2,166,148	20,220	1,480,467	-	-	3,633,647
103,414	2,172,489	8,435,979	58,484	10,950,166	45,843	10,656	21,777,031

71	18,202	1,071,305	-	2,412,494	-	-	3,502,072
11	10,963	301,029	-	452,053	-	-	764,056
47,864	1,150,977	1,853,503	18,907	1,870,321	45,843	10,656	4,998,071
7,508	163,020	508,511	7,021	486,649	-	-	1,172,709
47,799	755,191	701,731	32,556	224,307	-	-	1,761,584
103,253	2,098,353	4,436,079	58,484	5,445,824	45,843	10,656	12,198,492
161	74,136	3,999,900	-	5,504,342	-	-	9,578,539
103,414	2,172,489	8,435,979	58,484	10,950,166	45,843	10,656	21,777,031

4,216	111,255	335,568	9,569	473,522	45,843	10,656	990,629
1,120	(30,939)	(100,792)	(8,433)	(450,949)	-	-	(589,993)
5,336	80,316	234,776	1,136	22,573	45,843	10,656	400,636

-	150	921,116	-	812,096	-	-	1,733,362
3,750	74,821	1,964,395	-	3,384,637	-	-	5,427,603
-	(56,467)	(2,145,096)	-	(3,222,129)	-	-	(5,423,692)
3,750	18,504	740,415	-	974,604	-	-	1,737,273



NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

6. SEASONAL CROP LOANS

(a) MOVEMENTS DURING THE YEAR

Balances as at 1st July, 1986

Short term portion:

Not yet due:

Principal (receivable within
12 months)

Interest

Arrears:

Principal

Interest

Interest on arrears

1987
K£

1986
K£

10,508,704
307,493

1,570,890
9,804

7,303,140
461,363
206,700

6,097
34
-

18,787,400

1,586,825

Long term portion:

Principal not yet due

-

-

18,787,400

1,586,825

Add: Transactions during the year

Advances

Interest earned

Repayments

20,905,434
3,621,781
(16,526,193)

29,010,553
2,087,434
(13,897,412)

8,001,022

17,200,575

26,788,422

18,787,400

Balances as at 30th June, 1987

(b) ANALYSIS OF BALANCES AS AT 30TH JUNE, 1987

Short term portion:

Not yet due:

Principal (receivable within
12 months)

Interest

Arrears:

Principal

Interest

Interest on arrears

5,796,284
224,458

10,508,704
307,493

17,539,756
1,273,563
1,622,711

7,303,140
461,363
206,700

26,456,772

18,787,400

Long term portion:

Principal not yet due

331,650

-

26,788,422

18,787,400

(c) PROVISION FOR DOUBTFUL DEBTS

Balances as at 1st July, 1986
Charge for the year

451,829
(434,975)
16,854

-
451,829
451,829

(d) LOANS OPENED BUT NOT DRAWN

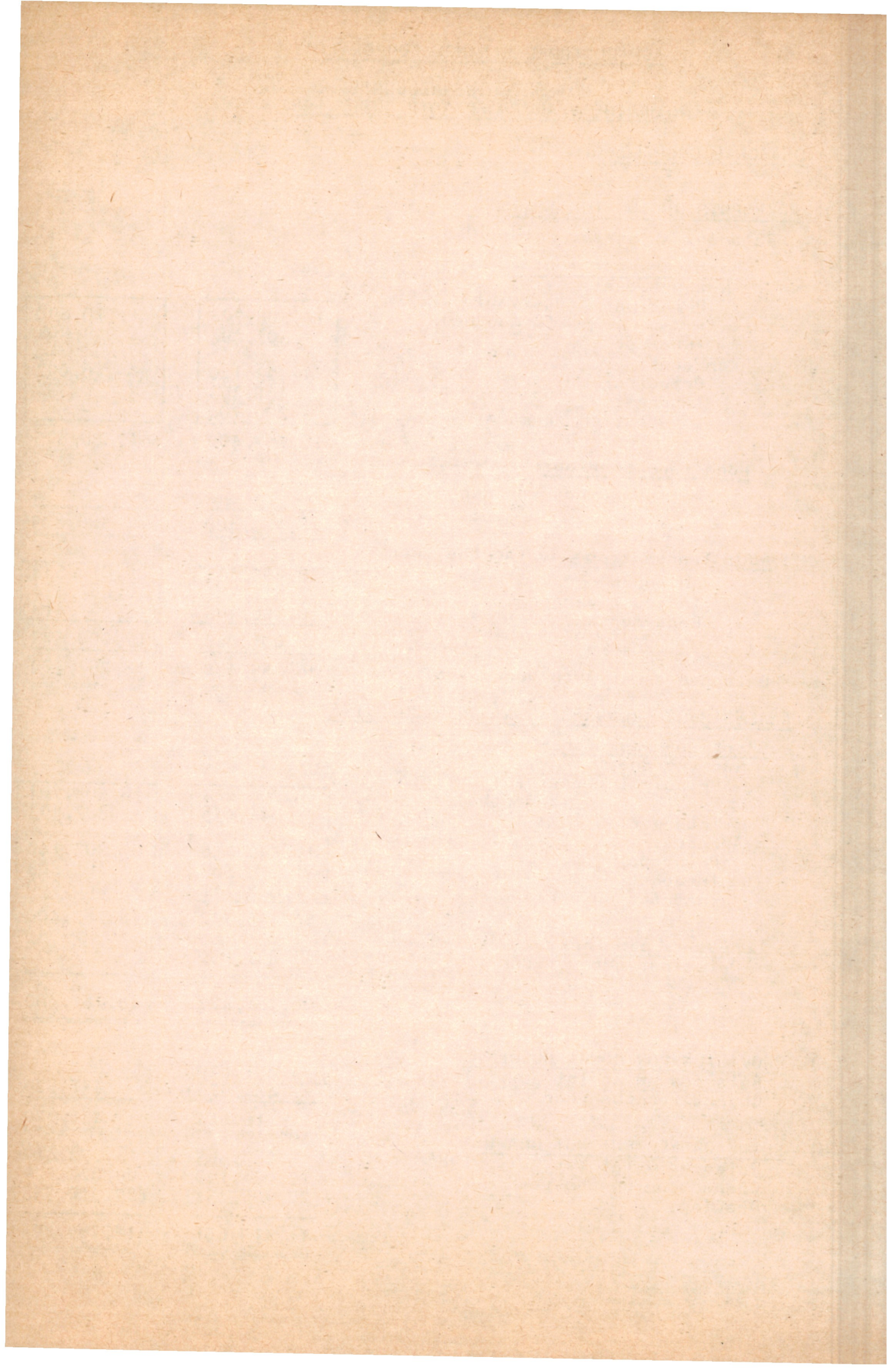
Balances as at 1st July, 1986
Opened during the year
Drawings

15,289,895
17,031,190
(20,905,434)

14,673,419
29,627,029
(29,010,553)

11,415,651

15,289,895



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1987

6. SEASONAL CROP LOANS(a) MOVEMENTS DURING THE YEAR

Balances as at 1st July, 1986

Short term portion:

Not yet due:

Principal (receivable within 12 months)

Interest

Arrears:

Principal

Interest

Interest on arrears

Long term portion:

Principal not yet due

Add: Transactions during the year

Advances

Interest earned

Repayments

Balances as at 30th June, 1987

(b) ANALYSIS OF BALANCES AS AT 30TH JUNE, 1987Short term portion:

Not yet due:

Principal (receivable within 12 months)

Interest

Arrears:

Principal

Interest

Interest on arrears

Long term portion:

Principal not yet due

(c) PROVISION FOR DOUBTFUL DEBTS

Balances as at 1st July, 1986

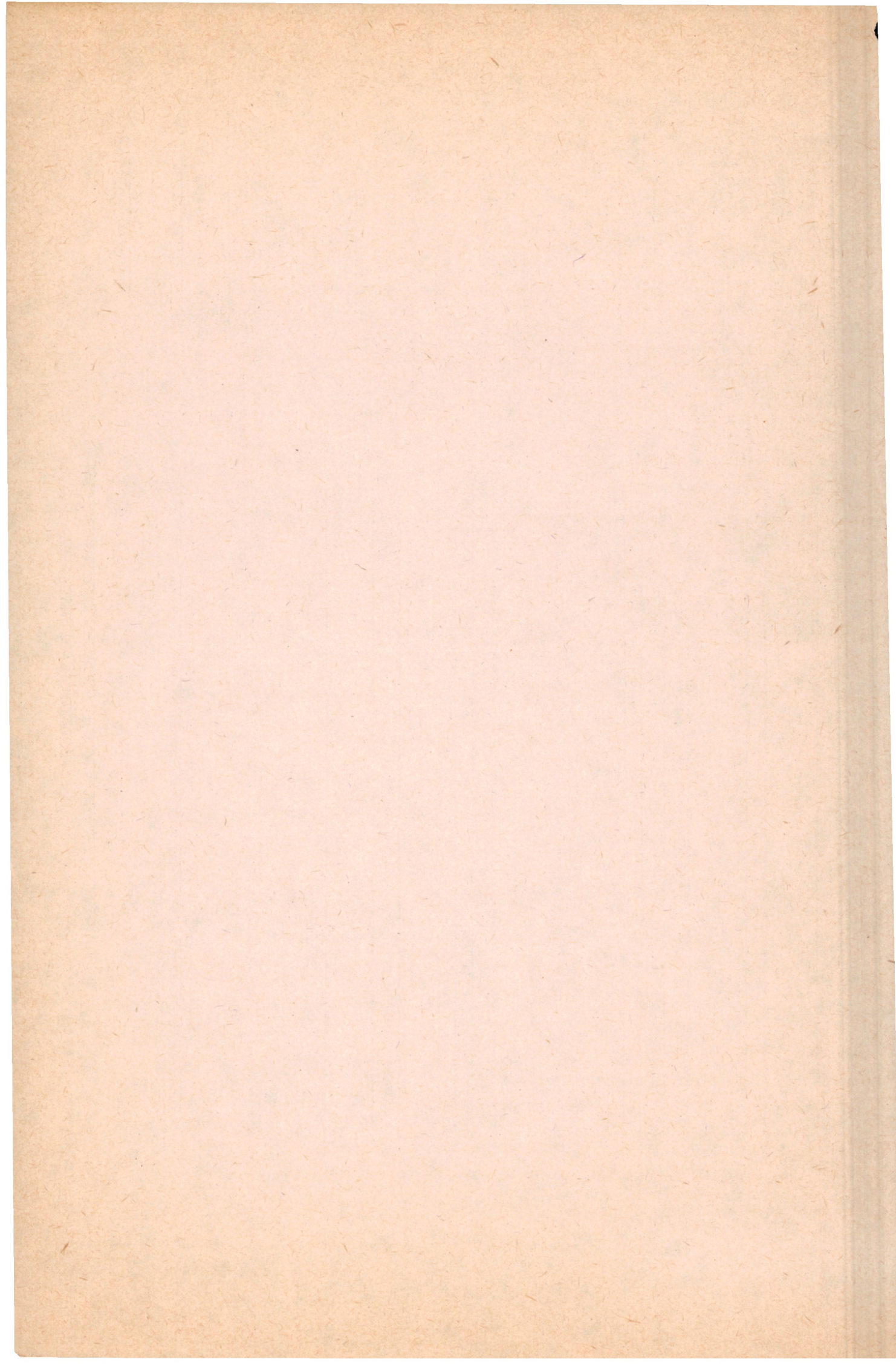
Charge for the year/(write back)

(d) LOANS OPENED BUT NOT DRAWN

Balances as at 1st July, 1986

Opened during the year

	Scheme 26	Scheme 27	Scheme 29	Scheme 32	Scheme 33	Scheme 34	TOTAL
	K£	K£	K£	K£	K£	K£	K£
1,700,612	6,501,740	-	66,076	2,240,276	-	10,508,704	
126,613	158,138	-	782	21,960	-	307,493	
4,418,827	3,132	-	2,845,603	35,578	-	7,303,140	
293,782	28	-	167,520	33	-	461,363	
126,191	96	-	79,930	483	-	206,700	
6,666,025	6,663,134	-	3,159,911	2,298,330	-	18,787,400	
-	-	-	-	-	-	-	
6,666,025	6,663,134	-	3,159,911	2,298,330	-	18,787,400	
917,843	7,258,384	2,945,858	627,817	6,733,043	2,422,489	20,905,434	
891,303	1,294,315	54,637	403,446	927,926	50,454	3,621,781	
(2,274,536)	(6,918,742)	(258,131)	(1,377,123)	(5,693,993)	(3,668)	(16,526,193)	
(465,390)	1,633,957	2,742,364	(346,160)	1,966,976	2,469,275	8,001,022	
6,200,635	8,297,091	2,742,364	2,813,751	4,265,306	2,469,275	26,788,422	
4,030	593,823	2,682,894	15,738	94,908	2,404,891	5,796,284	
13,288	87,552	54,634	1,500	17,028	50,456	224,458	
5,062,638	6,602,202	390	2,266,176	3,608,350	-	17,539,756	
302,211	493,385	4	123,782	354,181	-	1,273,563	
755,798	320,604	-	400,214	146,095	-	1,622,711	
6,137,965	8,097,566	2,737,922	2,807,410	4,220,562	2,455,347	26,456,772	
62,670	199,525	4,442	6,341	44,744	13,928	331,650	
6,200,635	8,297,091	2,742,364	2,813,751	4,265,306	2,469,275	26,788,422	
318,864	-	-	132,965	-	-	451,829	
(309,446)	790	-	(126,447)	-	-	(434,975)	
9,418	790	-	6,518	128	-	16,854	
940,285	7,092,458	-	601,979	6,655,173	-	15,289,895	
13,591	1,901,739	7,014,789	68,146	1,258,156	6,774,769	17,031,190	
(917,843)	(7,258,384)	(2,945,858)	(627,817)	(6,733,043)	(2,422,489)	(20,905,434)	
36,033	1,735,813	4,068,931	42,308	1,180,286	4,352,280	11,415,651	



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1987

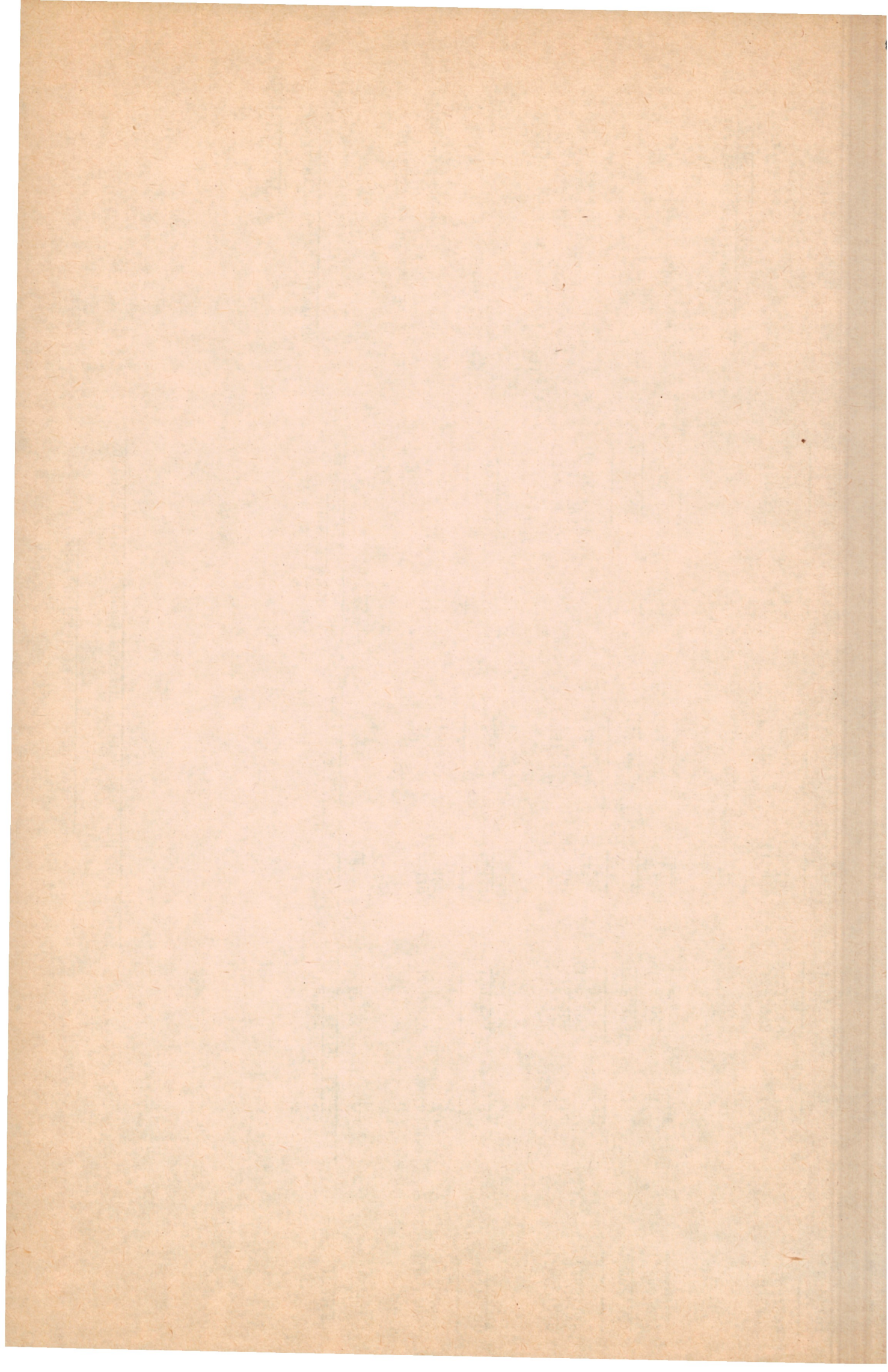
LOANS TO STAFF

(a) MOVEMENTS DURING THE YEAR

	<u>House Loans</u>		<u>Car Loan</u>		<u>Personal Advance</u>		<u>TOTALS</u>
	<u>Present Staff</u>	<u>Ex - Staff</u>	<u>Present Staff</u>	<u>Ex - Staff</u>	<u>Present Staff</u>	<u>Ex - Staff</u>	<u>K£</u>
	<u>K£</u>	<u>K£</u>	<u>K£</u>	<u>K£</u>	<u>K£</u>	<u>K£</u>	<u>K£</u>
Balance as at 1st July, 1986							
Principal	462,476	41	41,232	(1,929)	159,850	(63)	661,607
Interest	7,015	13	15,250	485	6,844	76	29,683
	<u>469,491</u>	<u>54</u>	<u>56,482</u>	<u>(1,444)</u>	<u>166,694</u>	<u>13</u>	<u>691,290</u>
 Add: Transactions during the year							
Advances	1,132,398	-	174,832	-	93,148	-	1,400,378
Interest earned	43,595	4	13,158	681	18,205	114	75,757
Repayments	(105,131)	-	(59,992)	-	(103,005)	-	(268,128)
	<u>1,070,862</u>	<u>4</u>	<u>127,998</u>	<u>681</u>	<u>8,348</u>	<u>114</u>	<u>1,208,007</u>
Balance as at 30th June, 1987	<u>1,540,353</u>	<u>58</u>	<u>184,480</u>	<u>(763)</u>	<u>175,042</u>	<u>127</u>	<u>1,899,297</u>

(b) ANALYSIS OF BALANCE AS AT 30TH JUNE, 1987

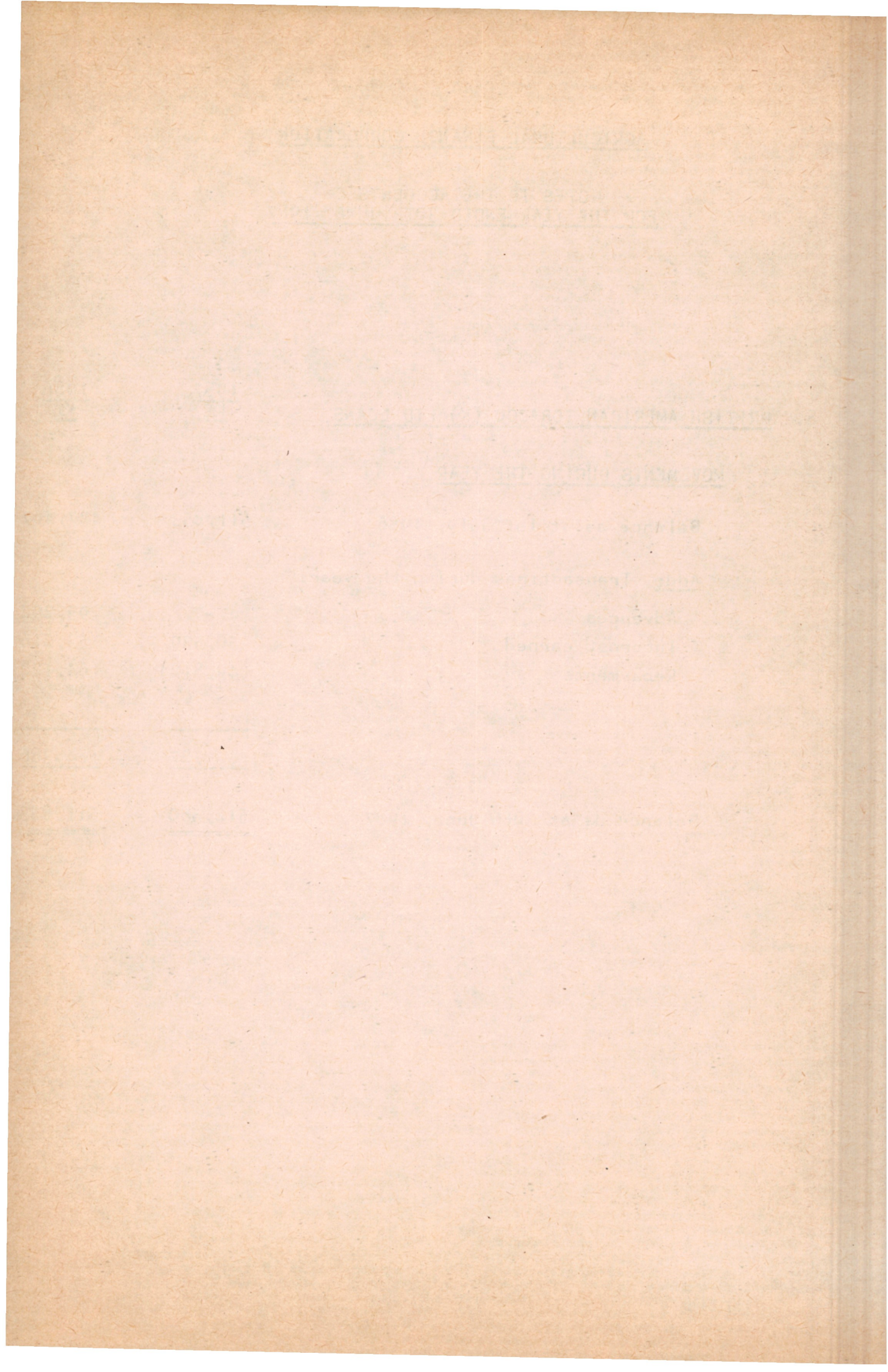
Principal	1,490,385	41	156,071	(1,929)	149,993	(63)	1,794,498
Interest	49,968	17	28,409	1,166	25,049	190	104,799
	<u>1,540,353</u>	<u>58</u>	<u>184,480</u>	<u>(763)</u>	<u>175,042</u>	<u>127</u>	<u>1,899,297</u>



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

8. <u>BRITISH AMERICAN TOBACCO (K) LTD LOANS</u>	<u>1987</u> <u>K£</u>	<u>1986</u> <u>K£</u>
<u>MOVEMENTS DURING THE YEAR</u>		
Balance as at 1st July, 1986	511,853	427,467
<u>Add:</u> Transactions during the year:		
Advances	-	95,292
Interest earned	50,539	53,216
Repayments	(49,812)	(64,122)
	727	84,386
Balance as at 30th June, 1987	<u><u>512,580</u></u>	<u><u>511,853</u></u>



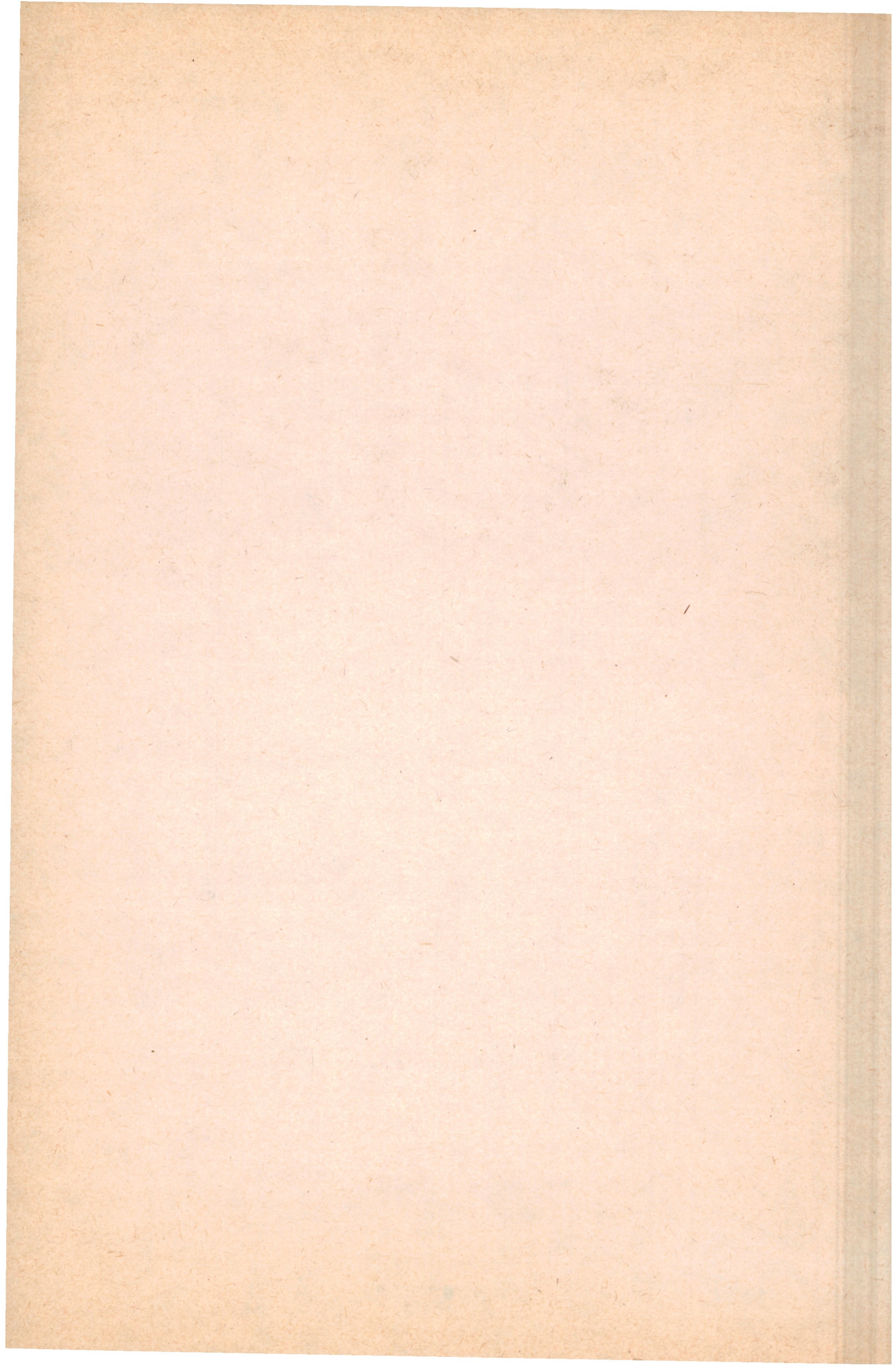
AGRICULTURAL FINANCE CORPORATION

9. FIXED ASSETS

(a) MOVEMENTS DURING THE YEAR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1987

	Share in Development House Phase I K£	Share in Development House Phase II K£	Lifts in Development House Phase II K£	Staff Housing K£	Other Buildings K£	Motor Vehicles K£	Furniture and Equipment K£	Office Partitioning K£	Totals K£
<u>Cost:</u>									
Balance at 1st July, 1986	200,741	1,427,371	79,830	157,546	1,321,155	1,841,545	1,529,198	265,125	6,822,511
Additions	-	-	-	-	177,210	200,184	85,934	26,682	490,010
Disposals	-	-	-	-	-	(9,075)	-	-	(9,075)
Balance at 30th June, 1987	200,741	1,427,371	79,830	157,546	1,498,365	2,032,654	1,615,132	291,807	7,303,446
<u>Depreciation:</u>									
Balance at 1st July, 1986	64,744	120,092	67,856	59,033	162,269	1,423,196	859,198	154,932	2,911,310
Charge for the year	4,015	28,547	11,974	7,615	74,892	296,471	207,323	58,362	689,199
Disposals	-	-	-	-	-	(9,075)	-	-	(9,075)
Balance at 30th June, 1987	68,759	148,639	79,830	66,648	237,151	1,710,592	1,066,521	213,294	3,591,434
<u>Net Book Value:</u>									
Balance at 30th June, 1987	131,982	1,278,732	-	90,898	1,261,214	322,062	548,611	78,513	3,712,012
Balance at 30th June, 1986	135,997	1,307,279	11,974	98,513	1,158,896	418,349	670,000	110,193	3,911,201



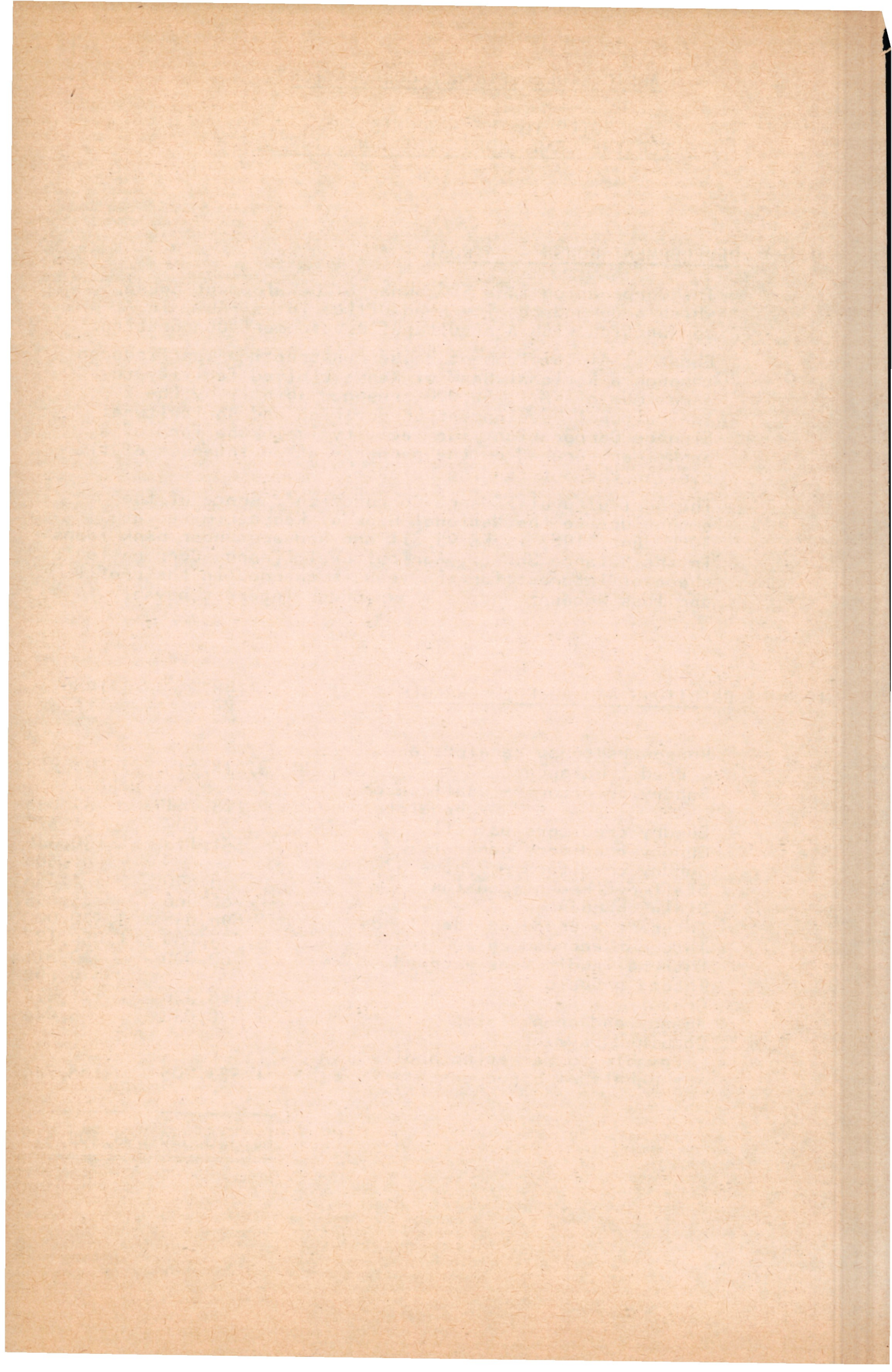
AGRICULTURAL FINANCE CORPORATIONNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 19879.(b) DEVELOPMENT HOUSE - NAIROBI

The Corporation is a 50% owner of Development house, which accommodates its Head Office in Nairobi, in conjunction with Agricultural Development Corporation.

Phase II of Development House construction was financed through a National Bank of Kenya Limited facility to a maximum of K£ 1,750,000 arranged jointly by the Agricultural Development Corporation and Agricultural Finance Corporation. The facility is in the form of a bank loan secured on the property at an interest of 11% p.a. on the outstanding balance.

The Agricultural Finance Corporation's share of the amount due to the National Bank of Kenya Limited at 30th June, 1987 is K£ 93,311 and appears under bank loans in the Balance Sheet. Agricultural Finance Corporation's share of interest for the year is charged in the profit and loss account and is shown under interest payable.

10. <u>CREDITORS AND ACCRUED CHARGES</u>	<u>1987</u> <u>K£</u>	<u>1986</u> <u>K£</u>
Borrowers trust receipts and credit balances	3,612,615	3,198,918
Sundry creditors - unallocated receipts	123,744	39,038
Sundry creditors payroll	609	572
Sundry creditors general	551,118	130,346
Sundry creditors - Scheme 32	-	1,506
Staff retirement pension	8,890	4,558
Stale cheques	66,866	25,693
Interest accrued on loan funds	6,696,058	3,570,000
Interest accrued on SCC loans	3,535,060	1,059,122
External audit fees accrued	60,000	40,811
Income prepaid	-	9,692
Gratuity	126,326	121,474
Agency and open claims	6,038	5,044
Combined payments -		
Payable to marketing bodies on behalf of borrowers	1,553,205	185,744
	<u>16,340,529</u>	<u>8,392,518</u>



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

11. TAXATION

The Income Tax liability of the Corporation has not yet been agreed 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 its operations except on its net rent income.

12. GMR AGENCY

The balance due to the agency as at 30th June, 1987 is as follows:-

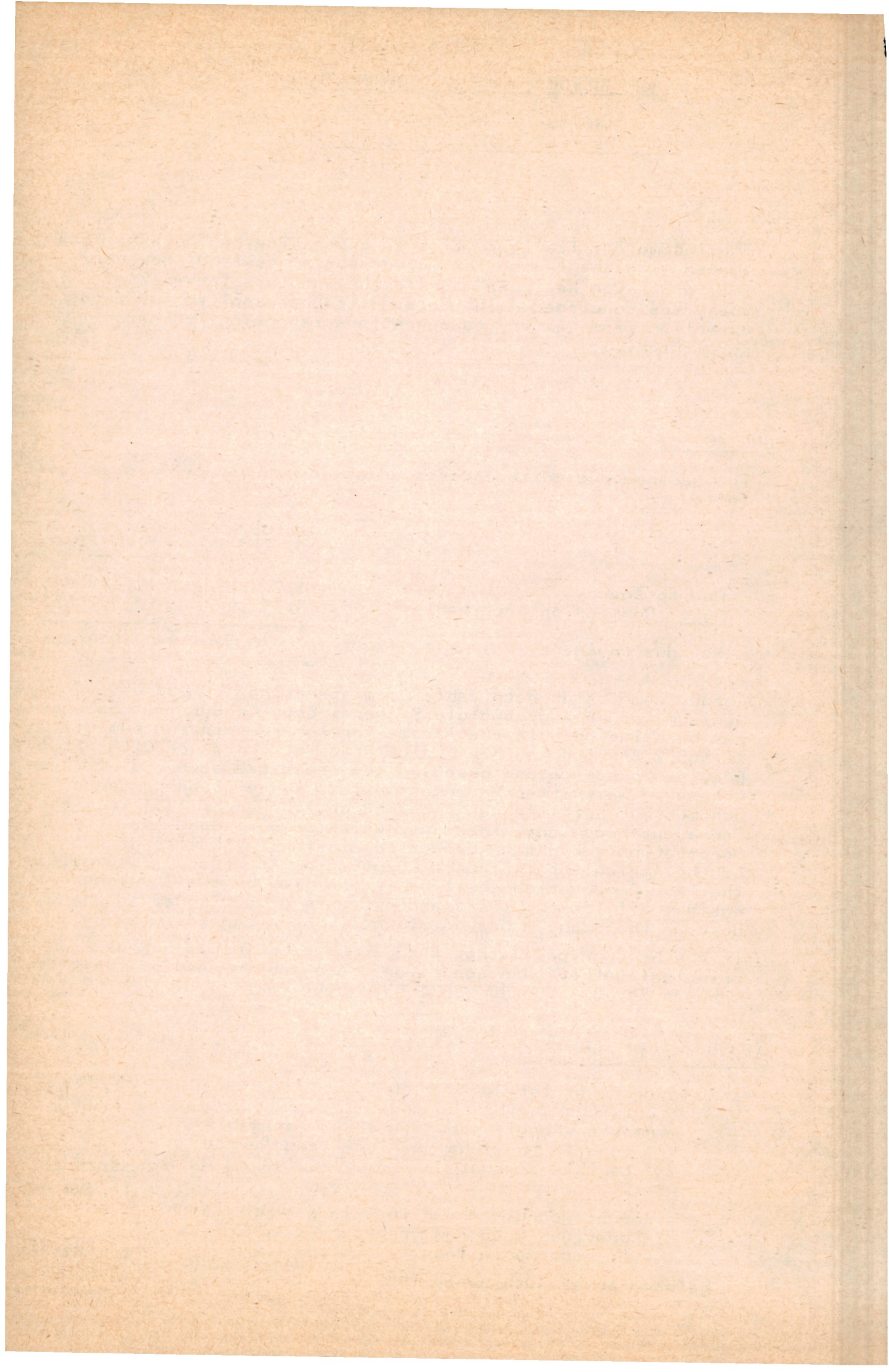
	<u>1987</u> <u>K£</u>	<u>1986</u> <u>K£</u>
Due to Agency	14,703,833	12,872,065
<u>Less: Commission receivable</u>	<u>3,752,943</u>	<u>2,892,661</u>
Net due to Agency	<u><u>10,950,890</u></u>	<u><u>9,979,404</u></u>

Agency commission receivable from operating the Guaranteed Minimum Return and some old Seasonal Crop Credit loan Schemes has been included in the income for the year in the sum of K£ 860,282 which has been calculated in accordance with previous practice and based on the unaudited accounts of these schemes. No written agreement exists in relation to these schemes but a letter was received on 7th March, 1984 from the Permanent Secretary, Treasury, which acknowledged the Corporation's right to deduct commission. Likewise section 39 of the Agricultural Finance Corporation Act (Cap.323) provides that the Corporation shall be indemnified by the Government against all losses, costs and expenses of acting as an agent. However the quantum has not formally been agreed.

It has been proposed that the Corporation should act as principal rather than agent for these schemes and so far schemes 26, 27, 29, 32 to 34 have been taken over.

13. AFC SEASONAL CROP CREDIT

	<u>K£</u>
Balance as at 1st July, 1986	13,294,990
<u>Add: Drawings during the year</u>	<u>2,000,000</u>
Amount wrongly shown in IBRD Redeemable loan in previous year now transferred to this account	3,000,000
	<u>18,294,990</u>
<u>Less: Amount wrongly shown in this account in previous year now transferred to Credit IV redeemable loan</u>	<u><u>1,294,990</u></u>
Balance as at 30th June, 1987	<u><u>17,000,000</u></u>



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

14. REDEEMABLE LOANS

(a) The movements during the year are as follows:

	Balance <u>1.7.86</u>	Drawings and transfer during the year	Transfer to S.C.C.	Balance <u>30.6.87</u>
	<u>K£</u>	<u>K£</u>	<u>K£</u>	<u>K£</u>
Land purchase and development	7,955,410	-	-	7,955,410
AFC Small Scale	811,798	-	-	811,798
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	5,296,625	250,000	-	5,546,625
IDA 537 KE G.F.R.	2,717,126	212,000	-	2,929,126
IDA 1143 KE	793,637	-	-	793,637
IBRD 1995 KE	10,809,327	13,000,000	3,000,000	20,809,327
AFC Credit 4	3,936,033	1,294,990	-	5,231,023
Pineapple loans	22,450	-	-	22,450
	<u>37,553,287</u>	<u>14,756,990</u>	<u>3,000,000</u>	<u>49,310,277</u>

The K£ 13,000,000 for Seasonal Crop Credit Schemes financed by the World Bank is being operated under a pilot project. The Corporation is to act as principal.

(b) The redeemable loans are made up of:	<u>1987</u> <u>K£</u>	<u>1986</u> <u>K£</u>
Amounts due but not paid	3,571,426	1,706,683
Amounts due within 12 months	478,692	1,758,813
	<u>4,050,118</u>	<u>3,465,496</u>
Current portion		
Amounts due after 12 months	45,260,159	34,087,791
	<u>49,310,277</u>	<u>37,553,287</u>
Total redeemable loans		

AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

14. REDEEMABLE LOANS

(a) The movements during the year are as follows:

	Balance <u>1.7.86</u>	Drawings and transfer during the year	Transfer to S.C.C.	Balance <u>30.6.87</u>
	<u>K£</u>	<u>K£</u>	<u>K£</u>	<u>K£</u>
Land purchase and development	7,955,410	-	-	7,955,410
AFC Small Scale	811,798	-	-	811,798
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	5,296,625	250,000	-	5,546,625
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IDA 1143 KE	793,637	-	-	793,637
IBRD 1995 KE	10,809,327	13,000,000	3,000,000	20,809,327
AFC Credit 4	3,936,033	1,294,990	-	5,231,023
Pineapple loans	22,450	-	-	22,450
	<u>37,553,287</u>	<u>14,756,990</u>	<u>3,000,000</u>	<u>49,310,277</u>

The K£ 13,000,000 for Seasonal Crop Credit Schemes financed by the World Bank is being operated under a pilot project. The Corporation is to act as principal.

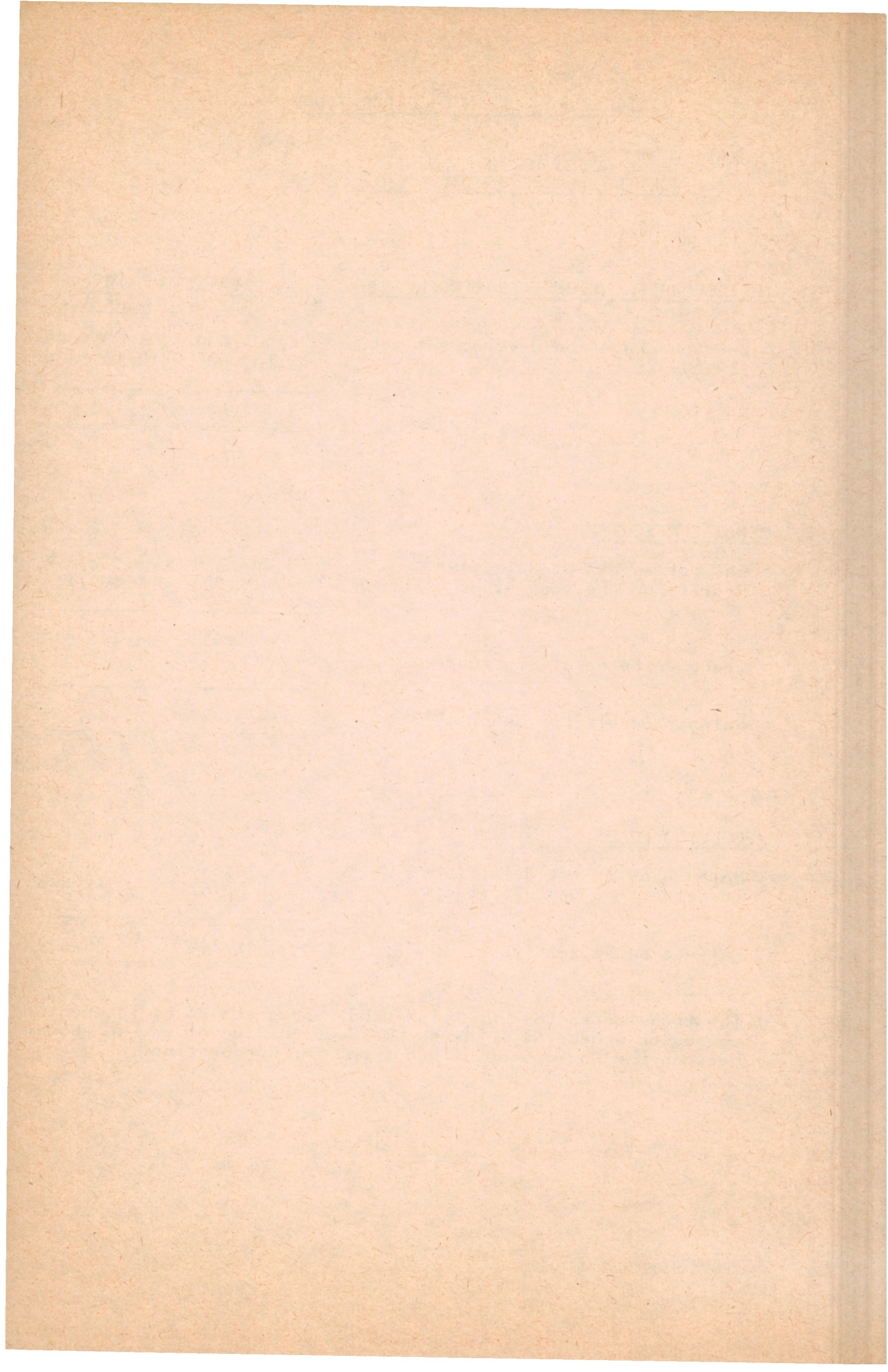
(b) The redeemable loans are made up of:	<u>1987</u> <u>K£</u>	<u>1986</u> <u>K£</u>
Amounts due but not paid	3,571,426	1,706,683
Amounts due within 12 months	478,692	1,758,813
Current portion	4,050,118	3,465,496
Amounts due after 12 months	45,260,159	34,087,791
Total redeemable loans	<u>49,310,277</u>	<u>37,553,287</u>

AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

15. <u>IRREDEEMABLE INTEREST BEARING LOANS</u>	1987 <u>K£</u>	1986 <u>K£</u>
Land purchase and development scheme IDA 692 KE	4,005,000 10,169,606	4,005,000 10,169,606
	<u>14,174,606</u>	<u>14,174,606</u>
16. <u>GENERAL RESERVE</u>		
Balance as at 1st July, 1986 Profit for the year after taxation	4,444,339 1,287,095	3,038,774 1,407,145
Transfer to revolving fund	<u>5,731,434</u> (5,757)	<u>4,445,919</u> (1,580)
Balance as at 30th June, 1987	<u>5,725,677</u>	<u>4,444,339</u>
17. <u>REVOLVING FUND</u>		
Balance as at 1st July, 1986 Transfer from general reserve	35,589 5,757	34,009 1,580
Balance as at 30th June, 1987	<u>41,346</u>	<u>35,589</u>

The transfer to the revolving fund represents 2% on interest earned on scheme 54 loans as per Section 2.08 of the agreement between the Government of Kenya and the Corporation.



AGRICULTURAL FINANCE CORPORATION

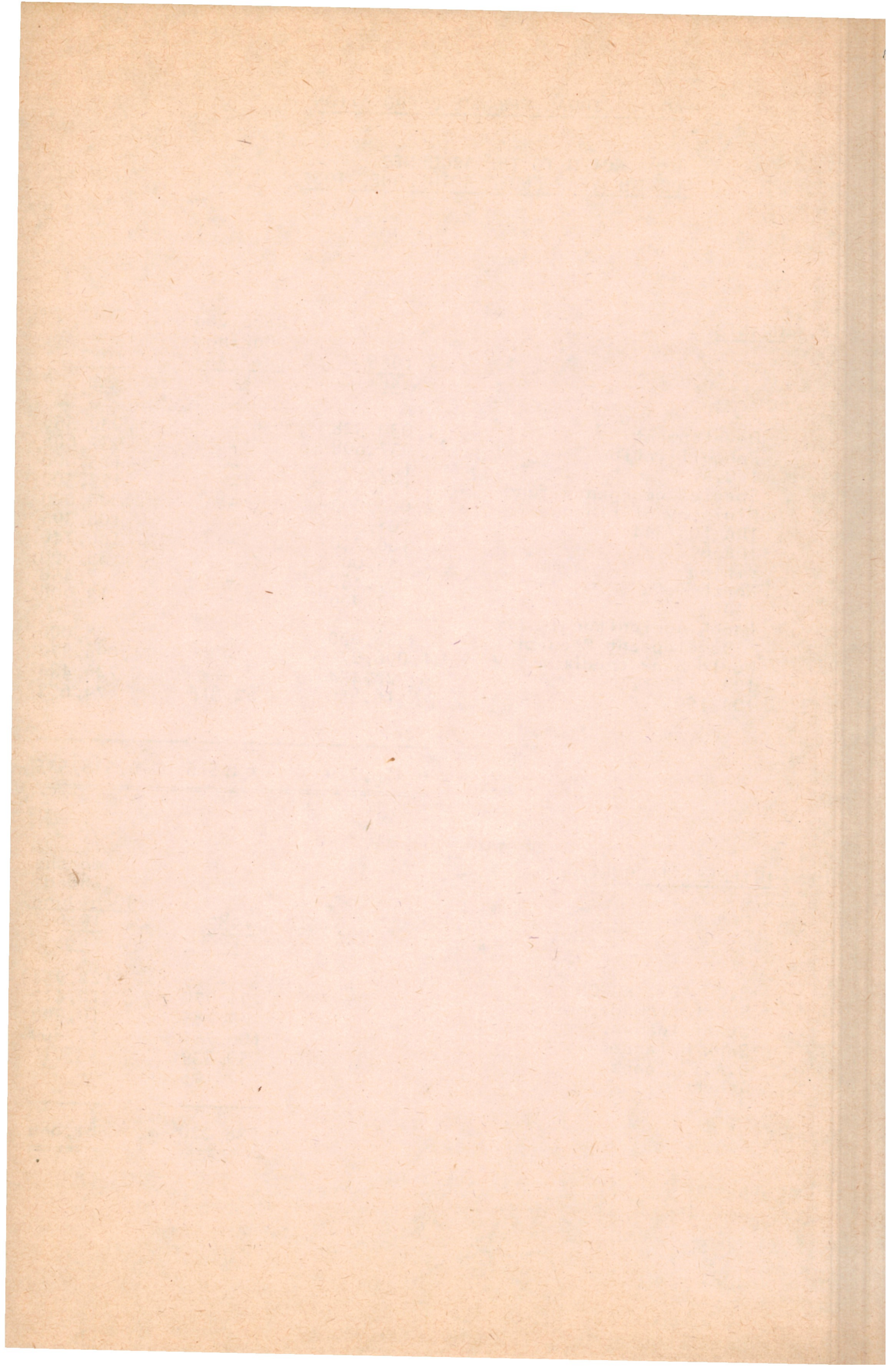
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

18. GRANTS

	<u>1986</u> <u>K£</u>	Received during the year <u>K£</u>	<u>1987</u> <u>K£</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 Development 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	16,856	62,816	79,672
	<u>6,475,719</u>	<u>62,816</u>	<u>6,538,535</u>

19. INTEREST INCOME

	<u>1987</u> <u>K£</u>	1.5 months ended 30th June, <u>1986</u> <u>K£</u>
S.C. ADV. KGGCU	-	(22,954)
Short term deposits	494,970	414,417
Staff loans	75,785	19,398
Bank balances	106,761	117,809
B.A.T. loans	50,539	53,216
Others	165	-
	<u>728,220</u>	<u>581,886</u>



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

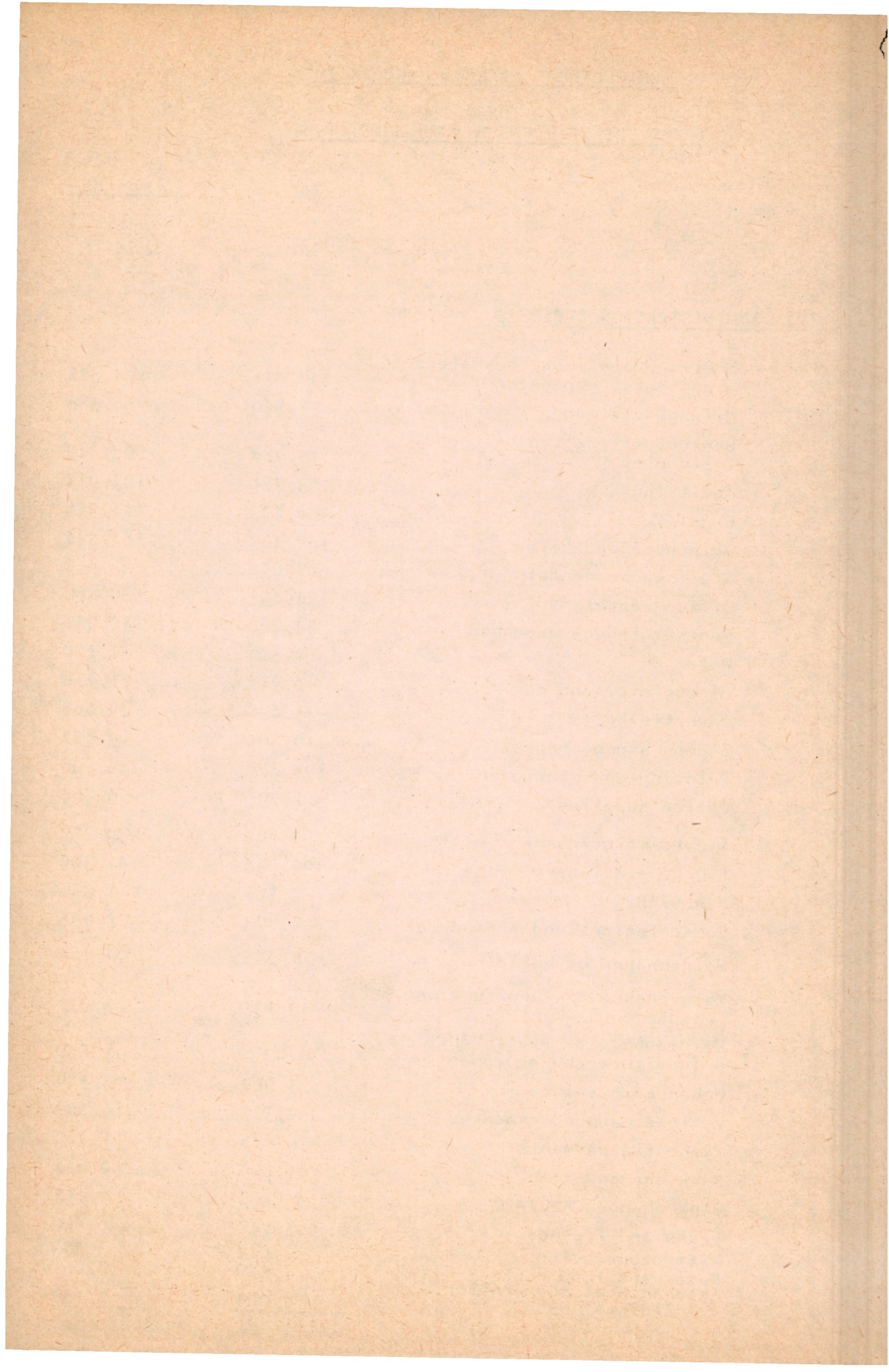
20. STAFF COSTS

	<u>1987</u> <u>K£</u>	15 months ended 30th June, <u>1986</u> <u>K£</u>
Salary	2,429,394	2,695,930
House allowance	880,615	665,446
Hardship allowance	19,857	5,618
Outpatient medical expenses	248,083	236,966
Inpatient medical expenses	46,819	8,018
Pension and insurance	337,406	280,563
Leave travel expenses	9,955	5,424
Gratuity	84,399	106,338
Training expenses	113,485	80,647
Other emoluments	13,300	8,331
Uniforms	15,245	43,603
Workpermits	-	2,952
Disturbance allowance	3,463	-
Meritorious awards	3,926	-
	<u>4,205,947</u>	<u>4,139,836</u>

AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

	<u>1987</u> <u>K£</u>	<u>15 months</u> <u>ended 30th</u> <u>June</u> <u>1986</u> <u>K£</u>
21. <u>ADMINISTRATION EXPENSES</u>		
Staff appointment, transfers and hotel expenses	239,071	174,878
Mileage claimed	1,850	386
General office expenses and security	119,988	98,642
Audit fees	63,781	104,043
Legal fees	6,493	14,576
Telephone and telex	180,462	187,394
Staff house rentals	2,650	950
Office rentals	124,653	120,460
General travel expenses	33,264	40,631
Water	1,809	1,420
Electricity and gas	6,943	11,218
Advertising	31,492	39,668
Stamps and postages	19,305	19,857
Printing and stationery	198,870	248,806
Office supplies	2,291	6,264
E.D.P. maintenance	30,862	30,329
E.D.P. stationery	99,034	124,209
Donations	2,523	1,331
Subscriptions and periodicals	4,273	9,135
Maintenance of building	11,525	24,754
Maintenance of furniture and equipment	19,135	73,011
Maintenance of staff house furniture and equipment	-	1,610
Other maintenance	7,369	5,529
Vehicle running expenses	452,527	486,362
Ex-gratia payments	-	1,172
Bank charges	41,839	50,644
Bank charges ADC/AFC	62	413
Taxes and licences	5,140	(6)
Misappropriation	2,042	5,583
Rates and land rents	7,470	10,061
Insurance of corporation's buildings	4,009	7,359
	<u>1,720,732</u>	<u>1,900,689</u>



AGRICULTURAL FINANCE CORPORATION

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1987

22. CONTINGENT LIABILITY

Agricultural Finance Corporation has issued a guarantee of K£ 1,580,000 to a Commercial Bank on behalf of a customer to enable the customer purchase machinery and equipment.

23. COMPARATIVE FIGURES

In order to facilitate comparison, certain of the 1986 figures have been reclassified or rearranged in the accounts as appropriate.

