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South Nyanza Sugar Company Ltd (SONY SUGAR)



REPORT OF THE CONTROLLER & AUDITOR GENERAL
ON THE ACCOUNTS OF SOUTH NYANZA SUGAR
COMPANY LIMITED
FOR THE YEAR ENDED 30TH JUNE 2001

SOUTH NYANZA SUGAR COMPANY LIMITED

30 JUNE 2001

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KENYA NATIONAL ASSEMBLY
Accession: 10013002

Call No: 657-45507



SOUTH NYANZA SUGAR COMPANY LIMITED

DIRECTORS

Chairman	Eng. P Wambura (Since 14.10.2000)
Permanent Secretary, Ministry of Finance	Alternate - Mr. C S Barasa
Permanent Secretary, Ministry of Agriculture	Alternate - Mr. A M Gakere
Attorney General	Alternate - Ms. R Amadi
Managing Director, Industrial Development Bank	Alternate - Mr. T N Makeni
Executive Director, Industrial & Commercial Development Corporation	Alternate – D J Oyieko (Appointed 14.4.2001)
Commonwealth Development Corporation	Mr. K Gatabaki
Chief Executive, Kenya Sugar Authority	Mr. F Chahonyo
Director	Mrs. M Siparo
Director	Mr. N Odumo

MANAGERS

General Manager (Ag.)	Mr. C Kajangara
Factory Manager	Mr. A Otieno
Financial Controller	Mr. P B Ojera
Agriculture Manager (Ag.)	Mr. S O Odhiambo
Agriculture Services Manager	Mr. A A Ogembo
Human Resources Manager	Mr. J O Onyach
Company Secretary (Ag.)	Mr. G Otiende (Appointed 2.01.2001)

BANKERS

National Bank of Kenya Ltd.
P.O. Box 41862
Nairobi

AUDITORS

The Controller and Auditor-General
P.O. Box 49384
Nairobi

DIRECTORS' REPORT FOR THE YEAR ENDED 30th JUNE 2001

The Directors have pleasure in presenting their report together with the accounts for the year ended 30 June 2001.

1. Principal Activities

The company is incorporated under the Companies Act (Cap. 486) and is involved in the manufacture of mill white sugar.

2. Results for the period

During the financial year ended 30 June 2001, 342,695 tonnes of cane were crushed yielding 32,490 tonnes of sugar.

This compares unfavourably with the previous year's results where cane crushed and sugar produced was 598,519 tonnes and 58,901 tonnes respectively. Cane supplied to the mill were as below:

	<u>2001</u>	<u>2000</u>
Nucleus Estate (tonnes)	78,773	93,346
Contracted Outgrower (tonnes)	231,883	493,747
Non-Contracted (tonnes)	32,039	11,426

Sugar Production was below budget by 35,850 tonnes (Budget 68,340)

The average rendement for the year, that is, the rate of sugar recovery per tonne of cane crushed was 9.51% against a budget of 10.05%.

A total recovery of 31,393 tonnes of sugar was sold (2000 - 60,889 tonnes)

3. Profitability

The accounts herewith reflect a loss of KShs. 370,668,147.

The main contributing factors were:

- (i) Lower than budgeted sugar recovery.
- (ii) Lower than budgeted production due to cane shortage.
- (iii) High financing charges due to prohibitive bank interest rates on overdraft during the period and accumulated interest on existing loans.

Dividends

In view of the accumulated losses and adverse current year results the Directors do not recommend any dividend.

4. Directors

The Directors of the company are as stated on page 1 on this report.

The Directors and alternates continue in office in accordance with the provisions of the Articles of Association of the Company.

5. Auditors

The Controller and Auditor-General (Corporations) continue as the Company's external auditors in accordance with Section 29(1) Exchequer and Audit Amendment Act 1985.)

6. By Order of the Board



Ms M G Mugo
COMPANY SECRETARY
Sare Awendo

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ACCOUNTS OF
THE SOUTH NYANZA SUGAR COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE
2001**

I have examined the Accounts of the South Nyanza Sugar Company Limited for the year ended 30 June, 2001 in accordance with Section 29 of the Exchequer and Audit (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of accounts have been kept and the accounts, which have been prepared under the historical cost convention and modified to allow for the revaluation of certain assets, are in agreement therewith and comply with the Companies Act (Cap 486).

1. FINANCIAL POSITION

The Company's financial performance continued to deteriorate as it incurred a loss of 370,668,147 during 2000/2001 thereby bringing its accumulated losses to KShs. 1,216,326,694 as at 30 June, 2001. The Company's Balance Sheet reflects a negative working capital of KShs. 948,452,382 as at the same date. The Company was, also not able to service its overdue long-term loans and accrued interest thereon of KShs. 203,747,429 and KShs. 355,521,160 respectively as at the same date. Further, the Company was unable to remit statutory deductions amounting to KShs. 371,212,757.30 and to pay farmers' dues totaling 487,934,945.80. Evidently, the Company was technically insolvent and was unable to meet its financial obligations as and when they fell due. The Company's Accounts have, therefore, been prepared on a going concern basis on the assumption that it will continue to get the necessary support from Government, lenders and creditors.

2. UNACCOUNTED FOR CASH RECEIPTS

During the year ended 30th June 2001, the Company lost revenue totaling KShs. 7,208,784 due to poor internal controls. The loss is said to have occurred when the staff of the Company, due to high demand for sugar, deviated from dealing with corporate customers who normally paid through banker's cheques to businessmen who were paying cash and hence creating opportunities for fraud. Although the Company took an insurance cover against employees' infidelity, chances are that the company can only recover KShs. 3,484,668.50 leaving a balance of KShs. 3,724,115.50 whose recoverability is uncertain.

3. DEBTORS AND REPAYMENTS

The Debtors and Prepayment balance of KShs. 73,053,734 as at 30 June 2001, includes advance payment of KShs. 11,128,557.70 relating to deposits with courts and lawyers some dating as far back as 1994. The recoverability of this amount is considered doubtful.

4. KENYA SUGAR AUTHORITY LOANS

Included in the Kenya Sugar Authority loans totaling KShs. 347,377,002 is an amount of KShs.70,000,000 advanced to cane farmers between 1997 and 1998 through SONY, against farmers' standing cane at an interest rate of 27% per annum. The Company has not recovered fully the principal amount together with the interest thereon from the farmers due to the Company's failure to harvest cane. The failure to harvest cane also resulted in lawsuits filed by several farmers against the Company. The loan amounted to KShs. 70,000,000 also includes some KShs. 8,337,546 and KShs. 6,328,109 allegedly paid to two firms of advocates, respectively, but supporting documents for the payments were not produced for audit review. Consequently it was not possible to ascertain how and by whom the two (2) advocates were identified and what professional legal services they were paid for.

5. CREDITORS AND ACCRUALS

Included in the Creditors and Accruals figure of KShs. 1,640,945,682 is Trade Creditors balance of KShs. 520,615,138, which, in turn, includes an amount of KShs. 485,991,486.78 due to cane farmers as at 30 June, 2001. The details of these creditors were not produced for audit review. Under the circumstances, it was not possible to confirm the propriety of the Trade Creditors figure of KShs.520,615,138 as at 30th June, 2001.

6. LAND DEVELOPMENT CONTRACT

During the year ended 30th June, 2001 the Company signed a contract with SONY Outgrowers Company Limited for land development, and records show that Kshs 96,447,205 was reimbursable to the Company for services rendered. It was not, however, possible to confirm the recoverability of the total amount of KShs. 96,447,205.

Except for the reservations set out in the above paragraphs, in my opinion, the accounts, when read together with the notes thereon, present a true and fair view of the Company's financial state of affairs as at 30 June, 2001 and of its loss and cash flows for the year then ended.



D.G. NJOROGE
CONTROLLER AND AUDITOR GENERAL

Nairobi

19th June, 2003

SOUTH NYANZA SUGAR COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 2001

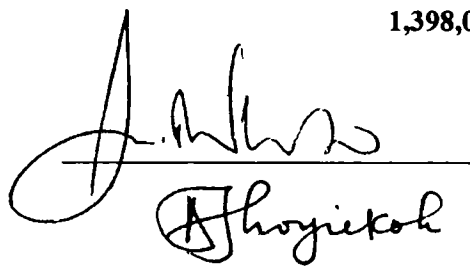
		<u>2001</u>	<u>2000</u>
	<u>NOTE</u>	<u>KShs</u>	<u>KShs</u>
Turnover		1,174,805,957	1,929,486,168
Profit/ (Loss) before taxation	19	(370,668,147)	(239,921,198)
Taxation for the Year		<u>0</u>	<u>0</u>
Profit/ (Loss) after taxation		(370,668,147)	(239,921,198)
Profit/ (Loss) brought forward	13	<u>(845,658,547)</u>	<u>(605,737,349)</u>
Profit/ (Loss) carried forward		<u>(1,216,326,694)</u>	<u>(845,658,547)</u>

SOUTH NYANZA SUGAR COMPANY LIMITED

BALANCE SHEET AS AT 30 JUNE 2001

		<u>2001</u>	<u>2000</u>
	Notes	<u>KShs</u>	<u>KShs</u>
FIXED ASSETS	2	2,310,102,641	2,436,849,114
CAPITAL WORK IN PROGRESS	3	36,373,023	36,880,000
		2,346,475,664	2,473,729,114
CURRENT ASSETS			
Standing cane crop	4	68,464,870	63,048,373
Stocks / stores & sugar in process	5	489,694,154	498,965,594
Goods in transit		26,617,937	26,058,101
Outgrowers services	6	198,706,401	265,102,207
Debtors & Prepayment	7	73,053,734	162,354,588
Cash and bank balances	8	582,479	1,787,971
		857,119,575	1,017,316,835
CURRENT LIABILITIES			
Creditors and accruals	9	1,640,945,682	1,545,931,854
Bank overdrafts	10	164,626,275	212,327,274
		1,805,571,957	1,758,259,128
NET CURRENT ASSETS		(948,452,382)	(740,942,293)
TOTAL ASSETS		1,398,023,282	1,732,786,821
FINANCED BY:			
Share Capital	11	353,969,675	353,969,675
Capital reserve	12	1,756,198,927	1,756,198,927
Revenue reserve	13	(1,216,326,694)	(845,658,547)
Shareholder's funds		893,841,908	1,264,510,055
Long term loans	14	504,181,374	468,276,766
		1,398,023,282	1,732,786,821

DIRECTOR



DIRECTOR

Notes on page 8 to 15 form part of these accounts.

SOUTH NYANZA SUGAR COMPANY LIMITED**CASH FLOW STATEMENT FOR PERIOD ENDED 30.06.01**

	<u>2001</u>	<u>2000</u>
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before taxation & provision for stock obsolescence	(370,668,147)	(239,921,198)
Adjustment for items not involving movement of cash:		
Depreciation	187,499,555	99,777,638
Forex (gains)/ loss	(7,032,622)	9,756,944
Interest Income	(19,670,620)	(40,017,989)
Interest expense (loans)	91,483,315	70,247,601
Gain on Disposal of assets	(40,000)	(483,232)
Prior year adjustment	-	191,091
Operating profit before working capital changes	(118,428,519)	(100,449,145)
(Increase)/ Decrease in standing cane	(5,416,497)	25,170,168
(Increase)/ Decrease in stocks	9,271,439	(9,973,724)
(Increase)/ Decrease in Goods in Transit	(559,836)	35,714,331
(Increase)/ Decrease in debtors	66,395,806	(75,327,331)
(Increase)/ Decrease in outgrowers	23,812,163	(33,417,059)
(Increase)/ Decrease in creditors	61,947,414	131,535,666
Net Cash flow from operating activities	37,021,970	(26,747,094)
B: RETURNS ON INVESTMENT & SERVICING OF FINANCE		
Interest Received	8,197,814	39,546,643
Interest Paid	(12,495,017)	(46,142,295)
Dividends Paid	-	-
Foreign exchange Loss (realized)	(150,860)	(5,443,544)
Net cash flow from returns on investment & servicing of finance	(4,448,063)	(12,039,196)
C: CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	45,000	1,811,576
Purchase of fixed assets	(51,926,502)	(147,441,524)
Net cash flow from investing activities	(51,881,502)	(145,629,948)
D: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowing	74,653,102	125,800,000
Loan Repayments	(8,850,000)	(82,855,128)
Net cash flow from financing activities	65,803,102	42,944,872
NET/INCREASE (DECR) IN CASH AND CASH EQUIV.	46,495,507	(141,471,366)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(210,539,303)	(69,067,937)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(164,043,796)	(210,539,303)

NOTES TO THE ACCOUNTS FOR YEAR TO 30th JUNE 2001

1. ACCOUNTING POLICIES:

Basis of Accounting

The accounts are prepared on the historical cost convention and modified to allow for revaluation of assets

Stocks and Stores

Stocks of finished products are stated at the lower of cost and net realizable value. Cost comprises direct materials and labour, together with the relevant production overheads. Stores inventory are valued at weighted average cost.

Translation of Foreign Currencies

Foreign currency balances are translated at the mean rate of exchange ruling at the balance sheet date. Foreign exchange transactions during the year have been brought into the accounts at their actual cost in local currency. Any losses or gains from foreign transactions is transferred to profit and loss account.

Depreciation Rates

Fixed assets are depreciated at rates calculated to write off the assets during their economic useful life using the straight line method. The current rates are:

Motor cycles	50%
Land development / roads	2%
Buildings	4%
Factory plant & machinery	6%
Tractors & trailers	15%
Motor vehicles	20%
Heavy trucks	20%
Furniture & Equipment	10%
Temporary buildings	10%

No depreciation has been provided on land and capital work in progress.

Turnover

Represents sales to customers and excludes Value Added Tax and Kenya Sugar Development Levy.

Cost of Growing Cane

This is valued at the direct cost of growing cane not harvested at the balance sheet date.

SOUTH NYANZA SUGAR COMPANY LTD
SCHEDULE OF FIXED ASSETS
2001/01 FINANCIAL YEAR

Note 2

	LAND	BUILDINGS	PLANT MACHINERY	TRAILERS & TRACTORS	MOTOR VEHICLES	OFFICE & OTHER EQUIPMENT	LAND DEVELOP- MENT	ROADS & FENCING	TOTAL
COST/REVALUATION									
As at 1 st July 2000	300,939,000	767,716,488	1,697,823,742	232,248,413	172,676,381	44,037,577	4,780,008	45,808,534	3,266,030,143
Revaluation	-	-	-	-	-	-	-	-	-
Additions	-	4,606,766	53,905,278	-	-	2,153,607	-	87,452	60,753,103
Disposals	-	-	-	-	(56,580)	-	-	-	(56,580)
As at 30 th June 2001	300,939,000	772,323,254	1,751,729,0	232,248,413	172,619,801	46,191,184	4,780,008	45,895,986	3,326,726,666
DEPRECIATION									
As at 1 st July 2000	-	(133,490,388)	(400,129,642)	(147,585,913)	(103,368,117)	(32,018,427)	(4,780,008)	(7,808,534)	(829,181,030)
Charge for the year	-	(36,313,078)	(118,918,155)	12,931,866)	(15,275,978)	(2,319,941)	(773,815)	(966,722)	(187,499,555)
Disposals	-	-	-	-	56,560	-	-	-	56,560
As at 30 th June 2001	-	(169,803,466)	(519,047,797)	(160,517,779)	(118,587,535)	(34,338,368)	(5,553,823)	(8,775,256)	(1,016,624,025)
NET BOOK VALUE									
As at 30 th June 2001	300,939,000	602,519,788	1,232,681,223	71,730,634	54,032,266	11,852,816	(773,815)	37,120,730	2,310,102,641
As at 30 th June 2000	300,939,000	634,226,100	1,297,694,100	84,662,500	69,308,263	12,019,150	-	38,000,000	2,436,849,113

3. CAPITAL WORK IN PROGRESS

DESCRIPTION	Kshs. 2001	Kshs. 2000
Pumps and Fans	0	550,106
Land Development	0	1,020,193
Factory building	0	0
Complex Primary School	0	1,723,323
Telephone Pabx	5,251,721	4,916,838
Agronomy	1,142,982	495,480
Workshop Equipment	0	958,604
Roads Rehabilitation	0	87,452
Agric. Workshop	0	1,031,568
Roads & Fencing	3,196,176	703,808
Agric. Offices	0	31,845
Boiler Tubing	1,487,680	0
IT Project	25,294,465	25,294,465
		66,318
	<u>36,373,023</u>	<u>36,880,000</u>

4. STANDING CANE CROP

This represents the actual cost incurred on growing cane in the Nucleus Estate less the cost written off to profit and loss account for the cane harvested. Standing cane has not been insured against fire since insurance companies have declined to provide cover. No provision has been made in the accounts for any possible losses from fire.

	Kshs. 2001	Kshs. 2000
Opening Valuation	63,048,373	88,218,541
Add Costs	<u>74,905,894</u>	<u>75,977,839</u>
	137,954,267	164,196,380
Less Harvested	<u>-69,489,398</u>	<u>-101,148,007</u>
Closing Valuation	<u>68,464,870</u>	<u>63,048,373</u>

5. STOCKS STORES AND SUGAR IN PROCESS

	Kshs. 2001	Kshs. 2000
Finished Sugar	45,338,589	4,956,035
Sugar in process	9,321,344	5,160,731
Stores	<u>435,034,222</u>	<u>488,848,828</u>
	<u>489,694,154</u>	<u>498,965,594</u>

6. OUTGROWERS SERVICES KSHS. 198,706,401

This represents the inputs and service charges rendered to our contracted cane farmers for cane not harvested at the Balance Sheet date. These include interest receivable by the company amounting to Kshs. 184,206,102, which is recoverable from farmers at the time of payment for cane supplied.

	Kshs. 2001	Kshs.2000
SOC Land development	87,878,770	(2,570,081)
Accounts Receivable	0	148,193,595
Accounts receivable-suspense	906,979	906,979
Interest receivable	184,206,102	167,397,346
Provision for doubtful debts	<u>(74,285,450)</u>	<u>(48,825,632)</u>
	<u>198,706,401</u>	<u>265,102,207</u>

7. DEBTORS AND PREPAYMENTS

	Kshs. 2001	Kshs. 2000
Trade Debtors	23,642,912	81,656,230
Other Debtors	106,282,954	137,570,491
	129,925,866	219,226,721
Less: Prov. For doubtful debts	<u>(56,872,132)</u>	<u>(56,872,132)</u>
	<u>73,053,734</u>	<u>162,354,588</u>

8. CASH AND BANK BALANCES

	Kshs. 2001	Kshs. 2000
Awendo Petty Cash	0	441,292
Nairobi Petty Cash	82,479	149,992
NBK Kisii	0	0
NBK Harambee Foreign Currency	0	696,687
NBK Awendo	0	0
KCB Mogori Branch Deposit	500,000	500,000
NBK Harambee Avenue	<u>0</u>	<u>0</u>
	<u>582,479</u>	<u>1,787,971</u>

9. CREDITORS AND ACCRUALS

	Kshs. 2001	Kshs. 2000
Trade Creditors	520,615,138	615,272,077
Non Trade Creditors		
LOANS:		
Current Maturity loans	203,747,429	203,747,429
Accrued loans interest	<u>355,531,160</u>	<u>287,756,398</u>
	559,278,589	491,503,827
Other non trade creditors	<u>561,051,955</u>	<u>439,155,950</u>
	1,640,945,682	1,545,931,854

10. BANK OVERDRAFT

	Kshs. 2001	Kshs.2000
NBK Kisii	8,357,565	5,544,342
NBK Awendo	63,116,580	120,506,887
NBK Harambee Avenue	<u>93,152,130</u>	<u>86,276,045</u>
	<u>164,626,275</u>	<u>212,327,274</u>
Authorised Overdraft Limit	<u>170,000,000</u>	<u>170,000,000</u>

11. SHARE CAPITAL

Due to capital restructuring undertaken as at 30/06/87, the Government and other shareholders agree to have their equity holding in the company reduced in order to absorb accumulated losses.

	Kshs 2001	Kshs. 2000
(I) Authorised		
18,000,000 Ordinary shares of Kshs. 20/- each	360,000,000	360,000,000
(II) Issued and fully paid		
17,698,484 Ordinary Shares of Kshs, 20/- each	353,969,675	353,969,675
(III) Composition of shareholding		
Government of Kenya	349,719,675	349,719,675
Industrial and Commercial Development Corporation	2,500,000	2,500,000
Industrial Development	1,000,000	1,000,000
Mehta Group International	<u>750,000</u>	<u>750,000</u>
	<u>353,969,675</u>	<u>353,969,675</u>

12. CAPITAL RESERVE	Kshs. 2001	Kshs. 2000
The capital reserve as at 30 th June 200	1,756,198,927	1,726,830,736

13. STATEMENT OF REVENUE RESERVES

	Kshs. 2001	Kshs. 2000
Retained Profits/(loss) for the year	(370,668,147)	(239,921,198)
Retained reserves at the Beginning of the year:		
As previously reported	(845,658,547)	(605,928,440)
Prior Year adjustment	0	191,091
As Restated	<u>(845,658,547)</u>	<u>(605,737,349)</u>
Retained profit (loss) at year end	<u>(1,216,326,694)</u>	<u>(845,658,547)</u>

14. LONG TERM LOANS

The company is substantially financed by way of long-term loans. As at 30th June 2001, the balances stood as follows:

	CURRENT 2001 KSHS	LONG TERM 2001 KSHS	CURRENT 2000 KSHS	LONG TERM 2000 KSHS
i) Government of Kenya	63,920,000	0	63,920,000	0
ii) NBK Debenture		21,250,0000		42,500,000
iii) GOK/ODA	139,827,429	0	139,827,429	0
iv) Commonwealth Development Corp				
v) KSA (SDF)		135,554,372 347,377,002		144,202,866 281,573,900
TOTAL	203,747,429	504,181,374	203,747,429	468,276,766

EXPLANATORY NOTES

- i These are five (5) Kenya Government Loans originally amounting to Kshs. 75,200,000. As at 30-06-01 all of these loans to the tune of Kshs. 63,920,000 had matured but not yet paid to the Government and were periodically transferred to short term liability account thus leaving a nil balance as long term loans. Interest is payable at 11% pa with varying repayment schedules for each loan.
- ii National Bank of Kenya debenture loan balance as at 30-06-01 amounts to Kshs. 21,250,000. The interest rate is variable and as at 30-06-01 was 24%. This loan is payable over four-year period.
- iii The G.O.K/O.D.A loan of Kshs. 139,827,429 had become due and payable to the Kenya Government thus leaving a nil balance under long term loans.
- iv Commonwealth Development Corporation (CDC) loan if for U.K Pound 1,218,750 which is equivalent to Kshs.135,554,372 as at 30-06-2001. Of this amount, Kshs, 117,636,487 has been provided for as foreign exchange loss. Interest is at 8% with repayment over 8 years commencing 31st March 1995. During the year two instalments were paid. The exchange rate of Kenya shilling to Sterling pound appreciated from Kshs. 118, 3203 as at 30 June 1999 to Kshs 11, 2241 to the Sterling pound at 30th June 2001.
- v The Kenya sugar Authority loan from the SDF amounting to Kshs. 347,377,002 is at varying interest rates. Out of the above amount Kshs. 74,653,102 was received during the year. The loan is to provide working capital for the development of land for out growers and capital purchases. These are to be repaid after two years duration.

15. PROFIT/LOSS BEFORE TAXATION

	Kshs. 2001	Kshs. 2000
This is stated after charging		
-Depreciation	87,499,555	99,777,638
-Foreign Exchange gain	7,032,622	9,756,944
- Interest on loans	84,947,814	72,850,515
-Consultancy and legal expenses	38,771,148	72,455,562
-Audit fees	851,566	1,241,690
Donations	337,700	328,540
-Directors Expenses	4,576,742	9,838,395
And after crediting:		
-Interest from out growers	18,700,000	39,983,523
-Interest from deposits	12,695	34,466
-Sundry Income	8,212,725	10,344,512

16. FINANCIAL POSITION

The operating results for the period again reflect an adverse situation similar to last year's. This was mainly attributable to lower sales volume and acute cane shortage.

The liquidity ratio (the ratio of current assets to current liabilities) still reflects negative working capital due to the maturity of the long-term loans. The company is still heavily geared.

17. CAPITAL COMMITMENTS

Authorised but not contracted for Kshs	43,979,430
Authorised and contracted for Kshs.	3,30,117

18. CONTINGENT LIABILITIES

A number of Litigation cases regarding burnt over-mature cane which the company was unable to harvest and traffic accident cases have been lodged at the law courts. It is uncertain to quantify the outcome.

19. TRADING PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001

	2001	2000
SALES	Kshs.	Kshs.
Gross Sugar Sales	1,456,333,414	2,336,363,140
Less: VAT	(209,712,012)	(288,625,527)
SDF Levy	(81,554,671)	(133,964,143)
Levy on imported sugar	<u>0</u>	<u>0</u>
Net Sales	1,165,066,731	1,913,773,470
Molasses sales	<u>9,739,226</u>	<u>15,712,698</u>
Turnover	<u>1,174,805,957</u>	<u>1,929,486,168</u>
Other Income	7,591,629	9,981,868
Increase/(decrease) in sugar stocks	44,543,227	(50,416,083)
TOTAL INCOME	1,226,940,813	1,889,051,953
Less: Operating Costs		
Cost of cane	642,392,600	969,509,068
Agriculture Overheads	108,098,160	150,229,966
Factory Costs	430,573,517	549,008,759
Administration Departments Costs	<u>293,767,963</u>	<u>374,637,035</u>
Total Operating Costs Sched. A	1,474,832,240	2,043,384,828
TRADING PROFIT/ (LOSS)	(247,891,427)	(154,332,875)
Less: Loan Interest	(84,947,814)	(72,850,515)
Bank Overdraft Int/Charges	(37,637,202)	(42,605,066)
Interest Received	19,618,459	40,017,989
Forex Gain/(Loss)	7,032,622	(9,756,944)
Profit/(Loss) on disposal of Fixed Assets	9,981	483,232
Provision for doubtful debts	(25,459,817)	0
Stock Adjustments	<u>(1,392,949)</u>	<u>(877,019)</u>
NET PROFIT/ (LOSS)	<u>(370,668,147)</u>	<u>(239,921,198)</u>

SOUTH NYANZA SUGAR COMPANY LIMITED
SCHEDULE 'A' 2000/2001 FINANCIAL YEAR

S/NO	CLASSES OF EXPENSES	2000/01 KSHS	1999/2000 KSHS	VARIANCE KSHS	VAR %
1	Cane Purchases - Out growers	453,153,255	854,181,864	401,002,609	47
2	Cane Purchases - N/Estate	64,972,759	95,560,345	30,587,586	32
3	Cane Purchases - NCC	58,281,825	19,766,859	(38,514,966)	(195)
4	Chemicals, Stores and spares	223,347,938	334,877,445	111,529,207	266
5	Transport (hired)	104,651,326	181,427,008	76,775,682	42
6	Hire of other equipment	5,982,264	25,269,456	19,287,192	76
7	Salaries and wages	463,312,320	529,367,258	66,054,938	12
8	Staff Welfare Expenses	15,917,083	20,667,797	(4,730,714)	23
9	Repairs and Maintenance	32,169,854	44,305,245	12,135,391	27
10	Depreciation	187,499,555	99,777,638	(87,721,917)	88
11	Insurance	31,117,303	316,362,677	518,064	2
12	Management fees and commissions	481,448	37,920,835	37,439,387	99
13	Consultancy and legal fees	38,771,148	34,534,727	(4,236,421)	(12)
14	Audit Fees	851,566	1,241,690	390,124	31
15	Inland travel expenses	10,229,430	16,665,244	6,435,814	39
16	Overseas and travel expenses	39,940	1,637,710	1,597,770	98
17	Water and Electricity	33,320,020	28,471,267	(4,848,753)	(17)
18	Taxes and Rates	2,643,871	2,746,525	102,654	4
19	Printing and Stationery	6,270,519	7,837,992	1,567,473	20
20	Telephone and Telex	11,654,859	13,287,886	1,633,027	12
21	Machine Costs	11,577	24,714	13,137	53
22	Other admin. Expenses	21,091,963	41,883,350	20,791,387	50
23	Bureau of Standards Levy	600,00	55,000	(545,000)	(100)
24	Use of other services	(6797081.00)	(9,592,943)	(2,795,925)	29
25	Directors Expenses	4,576,742	9,838,395	5,261,653	53
26	Supply of seed cane	4,617,094	31,986,874	27,369,780	86
27	Sub. And donations	337,700	328,540	(9,160)	(3)
	TOTAL OPERATING EXPENSES	1,769,132,341		686,572,648	28
	RE-ALLOCATION OF COSTS				
28	Services to out-growers	(219,394,206)	(333,342,321)	(113,948,115)	(34)
29	Standing Cane Account (N/Estate)	(74,905,895)	(75,977,840)	(1,071,945)	(1)
30	Roads Maintenance Unit		(3,000,000)	(3,000,000)	100
	TOTAL RECOVERIES	294,300,001	412,320,160	118,020,059	(29)
	NET OPERATING EXPENSES	1,474,832,240	2,043,384,829	568,552,589	28
	FINANCE CHARGES				
31	Stock Write off	1,392,949	877,019	(515,930)	
32	Bank Overdraft Charges	37,637,202	42,605,066	4,967,864	12
33	Interest and Finance Charges	84,947,813	72,850,515	(12,097,298)	(17)
34	Unrealized Forex (Gains/Losses)	(7,183,483)	4,313,400	11,496,882	267
35	Realized Forex	150,861	5,443,544	5,292,684	97
36	Provision for doubtful debts	25,459,817		(25,459,817)	
	TOTAL FINANCE CHARGES	142,405,159	126,089,543	(16,315,616)	(13)
	GRAND TOTAL EXPENSES	1,617,237,399	2,169,474,373	552,236,974	25